

The SECRETARY. In the amendment of the committee, on page 158, line 21, after the word "Speaker," it is proposed to insert the amendment read by Mr. JONES of Washington.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, I wish to offer one or two amendments that will, if adopted, save some money and not take money out of the Treasury of the United States. I offer the amendment I send to the desk to come in on page 161, after line 13.

Mr. THOMAS. Mr. President, do I understand the Senator from Utah is trying to save some money for the Treasury?

Mr. SMOOT. I will have to admit the charge.

The PRESIDING OFFICER. The amendment offered by the Senator from Utah will be stated.

The SECRETARY. On page 161, after line 13, it is proposed to insert the following as a new section:

SEC. 10. The Joint Committee on Printing shall have power to adopt and employ such measures as, in its discretion, may be deemed necessary to remedy any neglect, delay, duplication, or waste in the public printing and binding and the distribution of Government publications: *Provided*, That hereafter no journal, magazine, periodical, or other similar publication shall be printed and issued by any branch or officer of the Government service unless the same shall have been specifically authorized by Congress, but such publications as are now being printed without specific authority from Congress, may, in the discretion of the Joint Committee on Printing, be continued until the close of the next regular session of Congress, when, if authority for their continuance is not then granted by Congress, they shall not thereafter be printed: *Provided further*, That on and after July 1, 1919, all printing, binding, and blank-book work for Congress, the Executive office, the judiciary, and every executive department, independent office, and establishment of the Government shall be done at the Government Printing Office, except such classes of work as shall be deemed by the Joint Committee on Printing to be urgent or necessary to have done elsewhere than in the District of Columbia for the exclusive use of any field service outside of said District.

Mr. SMOOT. The exceptions, Mr. President, I wish to say, are the exceptions now in the existing law.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Utah.

The amendment was agreed to.

Mr. SMOOT. Mr. President, I desire to offer one more amendment, to be added at the end of the bill as a separate section.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. After the amendment just agreed to, it is proposed to insert the following:

SEC. 11. George Washington Memorial Building: The provisions and limitations respecting the George Washington Memorial Building in the sundry civil act for the fiscal year 1918 are hereby continued and extended to March 4, 1920.

Mr. SMOOT. I will state that that is only an extension of one year to the charitable people of the United States to collect the money for the erection of the George Washington Memorial Building.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed and the bill to be read the third time.

The bill was read the third time and passed.

Mr. UNDERWOOD. I move that the Senate request a conference with the House of Representatives on the bill and amendments and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MARTIN of Virginia, Mr. UNDERWOOD, and Mr. SMOOT conferees on the part of the Senate.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 13462) making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes, and agreed to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. SMALL, Mr. SCULLY, and Mr. KENNEDY of Iowa managers at the conference on the part of the House.

The message also announced that the House insists upon its amendments to the bill (S. 5236) to amend sections 7, 10, and 11 of the Federal reserve act, and section 5172, Revised Statutes of the United States, disagreed to by the Senate, agrees

to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. PHELAN, Mr. EAGLE, and Mr. HAYES managers at the conference on the part of the House.

DISCHARGED SICK AND DISABLED SOLDIERS AND SAILORS.

Mr. HARDWICK. I move that the Senate proceed to the consideration of the bill (H. R. 13026) to authorize the Secretary of the Treasury to provide hospital and sanatorium facilities for discharged sick and disabled soldiers and sailors.

Mr. THOMAS. I shall have to object—

Mr. HARDWICK. I am not going to ask the Senate to go on with it to-night.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia to proceed to the consideration of the bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Public Buildings and Grounds with an amendment.

Mr. CHAMBERLAIN. I give notice now that immediately after the bill which the Senator from Georgia has called up is disposed of I shall ask the Senate to take up the bill (H. R. 15462) making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1920, and for other purposes.

The PRESIDING OFFICER. House bill 13026 is before the Senate.

Mr. THOMAS. I shall ask to be heard upon some of the provisions of the bill. It is too important to be considered now.

Mr. SMOOT. Let us have time enough to read it, anyhow. We have been so engaged that we have not had an opportunity to give attention to it.

Mr. HARDWICK. Very well. I move that the Senate take a recess until 11 o'clock to-morrow.

Mr. SHAFROTH. Mr. President, it seems to me that we ought to have an opportunity to consider the conference report on the oil-leasing bill, and I move that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 55 minutes p. m.) the Senate adjourned until to-morrow, Friday, February 21, 1919, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

THURSDAY, February 20, 1919.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in heaven, since we pass this way but once give us the grace to follow the star of hope which illumines the way and points the course to human progress.

May we not pause to mourn and agonize over past sins, but sincerely repent, turn to the right, keep to the right, that we may build for ourselves a character which shall enable us to do unto others as we would be done by.

We pray for a league of nations which shall stand for permanent peace, but more for a league of Christian churches which shall lift them above creeds and dogmas and place them upon the fundamental principles taught and illustrated in the sublime life and character of the Jesus of Nazareth. Amen.

The Journal of the proceedings of yesterday was read and approved.

GEORGES CLEMENCEAU.

Mr. HUSTED. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. HUSTED. I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The gentleman from New York is recognized for three minutes.

Mr. HUSTED. Mr. Speaker, we have all been deeply shocked by the announcement of the dastardly and murderous attack upon the life of the French premier. I made two trips to France during this war and was deeply impressed by many things, but by nothing more, I think, than the marvelous influence of that old tiger of France in sustaining and maintaining the morale of the French Army and of the French people under the most trying circumstances. He exposed his life at the front as freely as any French poilu. His presence there inspired the troops, and then he went back home and fired the civilian population with patriotic fervor. Georges Clemenceau is the great outstanding figure of this war, overtopping them all, even Marshal

Foch himself, and I know it is the deep, heartfelt wish of every patriotic American citizen to-day that his life be spared [applause]; that he be restored to health and strength and to his very great usefulness to the cause of civilization in the present emergency. [Applause.]

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had disagreed to the amendments of the House of Representatives to the bill (S. 3797) validating certain applications for and entries of public lands, and for other purposes, had asked a conference with the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. MYERS, Mr. RANDELL, and Mr. SMOOT as the conferees on the part of the Senate.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 5038) extending the use of the special fund for vocational education provided by section 7 of the vocational rehabilitation act, approved June 27, 1918, and authorizing the Federal Board for Vocational Education to accept gifts and donations for specific purposes.

The message also announced that the Senate had passed without amendment bills of the following titles:

H. R. 4246. An act to increase the salary of the United States district attorney for the district of Connecticut; and

H. R. 10225. An act striking from the pension roll the name of Jennie M. Heath.

The message also announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House of Representatives was requested:

S. J. Res. 205. Joint resolution permitting the loan of aircraft motors and aircraft material to educational institutions under certain conditions.

SENATE JOINT RESOLUTION REFERRED.

Under clause 2 of Rule XXIV, Senate joint resolution of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. J. Res. 205. Joint resolution permitting the loan of aircraft motors and aircraft material to educational institutions under certain conditions; to the Committee on Military Affairs.

REFERENCE OF A BILL.

Mr. CLARK of Florida. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Florida rise?

Mr. CLARK of Florida. Mr. Speaker, to ask unanimous consent for reference of the bill H. R. 16024. The bill was referred to the Committee on the Library, and I ask unanimous consent that the reference be changed to the Committee on Public Buildings and Grounds; and I will state—

The SPEAKER. What is it about?

Mr. CLARK of Florida. It is for a commission to take into consideration the erection of a building which will constitute a library and a museum and also an arch. Mr. SLAYDEN, chairman of the Committee on the Library, has no objection to this change of reference.

The SPEAKER. Where is the building to be erected—what town?

Mr. CLARK of Florida. Somewhere in the District of Columbia.

The SPEAKER. Is there objection to taking this bill away from the Committee on the Library and referring it to the Committee on Public Buildings and Grounds? [After a pause.] The Chair hears none.

RIVERS AND HARBORS APPROPRIATION BILL.

Mr. FULLER of Illinois. Mr. Speaker, I wish to call up House resolution No. 570, a privileged resolution—

Mr. SMALL. May I ask the gentleman if he will withhold that for a moment, to enable me to ask unanimous consent to send a bill to conference?

Mr. FULLER of Illinois. Certainly.

Mr. SMALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the rivers and harbors bill, H. R. 13462, to disagree to all the Senate amendments, and agree to a conference.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to take from the Speaker's table the bill, H. R. 13462, to disagree to all the Senate amendments, and agree to the conference asked for by the Senate. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 13462) making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will announce the conferees.

The Clerk read as follows:

Mr. SMALL, Mr. SCULLY, and Mr. KENNEDY of Iowa.

AMENDING THE FEDERAL RESERVE ACT.

Mr. PHELAN. Mr. Speaker, will the gentleman yield for the same purpose?

Mr. FULLER of Illinois. Yes.

Mr. PHELAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill S. 5236, to insist on the House amendments, and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to take from the Speaker's table the bill S. 5236, to disagree to the Senate amendments, and to agree to the conference asked for by the Senate.

Mr. WALSH. What bill is that?

Mr. PHELAN. It is the banking and currency bill, which passed a day or two ago.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (S. 5236) to amend sections 7, 10, and 11 of the Federal reserve act and section 5172 of the Revised Statutes of the United States.

The SPEAKER. Is there objection?

Mr. CANNON. What is the act; how long is it?

The SPEAKER. The Chair does not understand the gentleman from Illinois.

Mr. CANNON. I was told that it passed the other night by unanimous consent, but that does not mean a great deal. As I was not here I suppose I shall not object.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the conferees.

The Clerk read as follows:

Mr. PHELAN, Mr. EAGLE, and Mr. HAYES.

WITHDRAWAL OF PAPERS.

By unanimous consent, Mr. WALTON withdrew from the files of the House, without leaving copies, the papers in the case of Lieut. Etienne de Bujac, H. R. 7329, Sixty-third Congress, no adverse report having been made thereon.

SELF-DETERMINATION FOR IRELAND.

Mr. McLAUGHLIN of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein resolutions which were unanimously adopted by both houses of the Legislature of Pennsylvania, asking for self-determination for Ireland.

The SPEAKER. Is there objection?

There was no objection.

The resolutions are as follows:

Preamble and resolutions adopted by the Senate and House of Representatives of Pennsylvania in behalf of self-determination for Ireland, offered by Senator Daix in the senate and by Representative Heffernan in the house.

Whereas the sons and daughters of the Irish race are thrilled with the prospect of a free Ireland; they are earnestly asking that their cradle land be included among the small nations which President Wilson has so eloquently indicated will be recommended for the right of self-determination; and

Whereas in all our wars, on every page of our American annals, in the very texture of our American people, the blood of Ireland gleams in eager service in all that contributed to the power and glory of this greatest of Republics; in the great world conflict which recently closed so triumphantly the citizens and soldiers of Irish blood proved worthy of their proudest traditions, the latter having gladly struck and died for the land that holds their allegiance: Therefore be it

Resolved, That these bodies, the Senate and the House of Representatives of the State of Pennsylvania assembled in regular session, on this 10th day of February, 1919, call upon the Members of the United States Senate and the Members of the National House of Representatives of Pennsylvania to vote for the resolution now in Congress, having been reported favorably by the House Foreign Affairs Committee on February 6, 1919, and which reads:

"Resolved by the House of Representatives (the Senate concurring), That it is the earnest hope of the Congress of the United States of America that the peace congress now sitting in Paris, in passing upon the rights of various peoples, will favorably consider the claims of Ireland to the right of self-determination."

Resolved, That President Wilson be informed that it is the expressed desire of the Senate and House of Representatives of Pennsylvania that Ireland be included among those small nations which he has declared shall be given the right of self-determination.

LICENSE TO EXPORT GOODS TO CITIZENS OF NEUTRAL COUNTRIES.

Mr. FULLER of Illinois. Mr. Speaker, I ask to call up House resolution 570, a resolution of inquiry.

The SPEAKER. The gentleman calls up a resolution which he says is privileged. The Clerk will report it so we can find out.

The Clerk read as follows:

House resolution 570.

Resolved, That the President, if not incompatible with the public interest, be requested to communicate to the House what, if any, facts exist to justify the War Trade Board in refusing license to American

manufacturers to export manufactured goods to citizens of neutral countries with which we are not and have not been at war; and what, if any, facts exist to justify the refusal of the said War Trade Board to permit American manufacturers to communicate with their customers in such countries in regard to future business.

The amendments were read, as follows:

Page 1, line 4, strike out "American manufacturers" and insert "Americans."

Page 1, line 5, strike out the word "manufacturers"; page 1, line 8, strike out "American manufacturers" and insert "Americans."

Mr. GARNER. It appears from the resolution it was reported by the committee, and that takes away its privileged character.

Mr. SIMS. Mr. Speaker, I was on my feet to oppose this motion. Mr. Speaker, it is not privileged. The resolution has been reported by the committee and is now on the calendar of the House for action by the House.

Mr. FULLER of Illinois. That does not destroy the privileged character of the resolution.

Mr. FLOOD. Mr. Speaker, it is not privileged; it calls for an opinion.

Mr. MANN. Mr. Speaker, if the resolution is a resolution of inquiry, it is privileged to make a motion to discharge the committee. It does not lose its privileged status. Paragraph 836 of the Manual says:

The practice of the House gives to resolutions of inquiry a privileged status. Thus, they are privileged for report and consideration at any time after the reference to a committee.

The committee can not report a resolution and thereby destroy its privilege.

Mr. SIMS. The original, of which this is a copy, except changes in the words used, simply asked for "reasons," and a point of order was made and sustained that it was not a privileged resolution in that shape. So a new one was introduced. Instead of using the words in the first resolution it says, "What, if any, facts exist," and so forth, which leaves it still subject to the same point of order that was made to the first one. Besides, it is already reported and on the calendar, and in the opinion of some gentlemen is no longer a privileged resolution, for the reason that it does not call for anything in substance different from the first resolution. A point of order was made to the first resolution that it was not privileged. The same point of order is now made. I make that point of order as well as stating the fact that it is reported and on the calendar for action.

Mr. MANN. I understood the resolution calls for facts.

Mr. FULLER of Illinois. It does.

Mr. MANN. Then, as now reported it does not destroy its privileged status.

The SPEAKER. That is true. I will state to the gentleman from Tennessee [Mr. SIMS] when it was brought in here before it was knocked out on the ground that it called for reasons and did not call for facts. Now, this time it changes it to facts. It says:

That the President, if not incompatible with the public interest, be requested to communicate to the House what, if any, facts exist to justify the War Trade Board in refusing license to Americans to export goods to citizens of neutral countries—

And so forth.

Mr. SIMS. Suppose they report back that in their opinion there are no facts.

The SPEAKER. Whereabouts does it call for facts?

Mr. BARKLEY. It leaves it to the President to determine whether the facts justify the War Trade Board in refusing license or not.

Mr. SIMS. It really calls for a matter of opinion after all.

Mr. TOWNER. Mr. Speaker, let me make this suggestion. I think it can hardly be said the resolution asks for an opinion regarding those facts. It does not ask for the opinion of the Secretary regarding the facts. It asks only for a statement of facts upon which certain action was based. That certainly is within the rule and it is not an opinion.

The SPEAKER. The Chair will ask the gentleman a question. It calls for what, if any, facts existing that justify the War Trade Board in refusing license. Does that call for a reason or not?

Mr. TOWNER. I hardly think so, I will say to the Speaker. I think it was nothing more than this: Certain refusals have been made to the issuance of certain rights which are granted under the law. Now, this resolution asks of the department that makes the refusal for the facts upon which the refusal was made. It certainly seems to me that is not asking for an opinion and therefore can not be objected to on that ground.

Mr. BARKLEY. If the Speaker will allow a further suggestion, it calls for an argument on the part of the reporting executive as to the basis he might cite justifying the War Trade Board. He might submit a certain state of facts and supple-

ment it with an argument that those facts justify it. It is giving an opinion and giving a reason for the action taken.

Mr. MADDEN. Mr. Speaker, if I may be allowed to suggest, I think the gentleman from Kentucky is wrong about that. I think it calls for a statement of facts that predicated the action. For example, the president of the War Trade Board might say an obligation existed between the United States and some other country in the form of a contract or agreement, and upon the basis of that contract or agreement he refused to issue a license.

Mr. BARKLEY. I will say to the gentleman it will be competent to call upon the President for a statement of facts on which that action was based by the War Trade Board, but to call for a statement of facts justifying their action justifies an argument why the action was taken.

Mr. TOWNER. Is not that merely equivalent to saying, "Upon what facts did you act when you made the refusal?"

Mr. BARKLEY. No; it is not.

Mr. TOWNER. The form does not make any difference. It only asks for a report of the facts upon which the action of the department was made. I think it can be interpreted in no other way.

Mr. BARKLEY. I can not agree with the gentleman about that.

The SPEAKER. It is a pretty close shave, but the Chair does not think it is privileged.

DEFICIENCY APPROPRIATION FOR TRANSPORTATION SYSTEMS.

Mr. SHERLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 16020.

The SPEAKER. The gentleman from Kentucky moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 16020.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 16020, with Mr. GARNER in the chair.

The CHAIRMAN. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 16020) to supply a deficiency in the appropriation for carrying out the act entitled "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918.

Be it enacted, etc., That to supply a deficiency in the appropriation for carrying out the act entitled "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918, there is appropriated, out of any money in the Treasury not otherwise appropriated \$750,000,000, which shall be in addition to the appropriation of \$500,000,000 made in section 6 of said act, and shall be subject in all respects to the same authority for, and restriction of, expenditure as the said \$500,000,000.

Mr. SHERLEY. Mr. Chairman, speaking for myself, I am unalterably opposed to Government ownership. [Applause.] I am in favor of turning back the roads at the earliest possible date that it can be done. [Applause.] In my judgment, this bill does not involve the question of Government ownership. I am so much opposed to Government ownership that if it did, I do not believe I could bring myself to the position of recommending the consideration of this bill at this time.

Mr. GARNER. Would it disturb the gentleman if I would interrupt him and ask him a question in that connection?

Mr. SHERLEY. I would prefer, if I may, to continue. Its passage, in my judgment, will not defer, but accelerate the return of the roads to their owners.

Now we are faced with an actual condition and not a theory, and in order that we may understand just what that situation is I desire briefly to review the conditions under which the railroads were taken over and the conditions which have arisen subsequent to that.

By virtue of a paragraph carried in an Army appropriation act approved August 29, 1916, the President was authorized to take possession of the roads and to operate them under Government control when a national emergency might so require. Accordingly, in pursuance of a proclamation of the President, dated December 26, 1917, the Government did take over the roads. At that time we were in the midst of the great war that has just closed. We were the only great nation directly involved in the war which was not then in control of its transportation systems. They had all found the absolute necessity for governmental reasons of the control of their railway systems and were exercising that control at the time we undertook it.

You will recall that there was at that time a very considerable railway congestion—a congestion so serious at the terminals that there were piled up for many miles back loaded

cars of freight destined for overseas that could not be unloaded because nobody could handle the freight at the terminals and because of the shipping situation.

There was great unrest in the labor world—an unrest that related not only to the railroads but to the entire industrial world. There were then under consideration many demands made by the railway employees of the various railroads for increases in their compensation. The credit of the railroads was perhaps at the lowest ebb that it had ever been since the panic of many years ago. The Government itself was in the market for large loans from the public. It had floated in 1917, on June 15, a loan of \$2,000,000,000. It had floated on November 15, 1917, a loan of \$3,809,000,000, and it was perfectly apparent that as the war continued the Government would be required to make very much larger loans than these in the near future, and in point of fact it did in May, 1918, float a loan of \$4,176,516,000, and again in October of last year a loan of \$6,989,047,000, and it is now looking forward to another loan in April of \$5,000,000,000 or \$6,000,000,000 additional.

Now, I desire that members of the committee should bear in mind this financial situation, because to my mind it is in many ways the crux of the whole proposition that is submitted to this committee at this time for consideration and determination.

It was under these conditions, then, that at the beginning of January, 1918, the Government took over the railroads. For five months those railroads were operated theoretically under Government control, but in all of the major particulars actually under the control of their owners, as they had previously been operated. It was not until the end of May that the Government undertook to put its own people directly in charge of the actual physical operation of the railroads and to separate entirely, financially and otherwise, the relationship of the former railroad owners from the Government.

During much of the more than four months that the railroads were in operation by their own owners, though technically under Government control, there was the severest winter that this country had experienced for many, many years. The severity of that winter served further to accentuate the conditions that confronted the transportation companies of America. It made difficult the movement of trains. It made very much less efficient the actual power of locomotives. It made less efficient the labor of men in the direct operation of the roads, and it served tremendously to accentuate the congestion which existed, and which became so great that it extended all the way from our eastern ports back in some instances nearly as far as if not to Chicago.

This situation had also been accentuated by virtue of the Government's necessary policy in connection with priority orders. In order to facilitate the manufacture and the movement of those things which were most essential for the Government in the prosecution of the war priority orders of shipment went forward, and that served to throw a new element of confusion into the railroad problem. It resulted that during the first four months of 1918 the railroads had fallen \$105,000,000 behind what their net for the corresponding period in 1917 had been, and that is to be borne in mind in connection with the actual loss that has occurred over the whole year.

I say these things not as an attempt to justify Government control but I state them because it seems to me essential that men, now that the great emergency that existed and that prompted our action has passed, should keep in mind the condition that actually confronted those in charge and should give credit where credit is due for what was done because of its having to be done under such adverse conditions.

Immediately after we took over the railroads the Government agreed with the railroad employees that it would consider and act upon their claim of grievances and need of additional compensation. They were threatening to strike. It is quite possible that had the Government not taken over the railroads when it did there would have been a great strike in America. Certainly it was very imminent, and the demands of the employees were being urged with great vigor and determination. Of course, it is manifest that the country could not have permitted the tying up of its transportation systems during the prosecution of this great war, but it was also manifest that if you were to get the very best service possible under these many adverse conditions it must have the willing cooperation of the employees of the railroads, and not their sullen cooperation; and so it was agreed with them that the question of compensation would be considered, and inasmuch as it would necessarily take some time for a determination of that question that when rendered it should relate back as of the 1st day of January.

There was, accordingly, a determination had as to the compensation to be paid to the railway employees, and that com-

pensation resulted in an increase over what would have been paid at the rates existing at the time the railroads were taken over for the entire year of \$583,552,000. I will insert in my remarks the table submitted by the Railroad Administration showing the estimated increase in wages:

Statement showing estimated pay-roll charges, excluding increases due to increase in rates of pay for the year 1918, and showing estimated increases due to changes in rates of pay and collateral increases made necessary thereby.

Operating expense account.	Estimated pay roll charges, excluding increases.	Total estimated increase.	Per cent total increases over rates of December, 1917.
Maintenance of way and structure.....	\$321,791,000	\$96,290,000	29.9
Maintenance of equipment.....	433,694,000	201,898,000	46.6
Traffic expenses.....	24,508,000	3,620,000	14.8
Transportation.....	972,480,000	266,334,000	27.4
General expense.....	70,420,000	15,410,000	21.9
Total, all operating expenses.....	1,822,793,000	583,552,000	32.0

The statement does not include the effect of increases covered by supplements 12 and 13, which were promulgated in December, 1918, with regard to which reliable data are not available. The amount of such increases will be relatively small.

Elsewhere in the testimony it will be observed that the Director General gave a figure representing the estimated increases in operating expenses due to the changes in rates of pay of \$642,000,000. The difference between that figure and the one shown in the statement above is accounted for by the fact that at the time of filing the above statement more complete data had come to hand than were available at the time the estimate of \$642,000,000 was made.

Attention has been called in various places throughout the record to the fact that complete information as to the operations for 1918 can not be available earlier than March 1. It is important that this should be borne in mind in connection with the above statement. The figure of \$642,000,000 represented the best estimate that could be made from the information then available. From time to time as additional data are received from the roads the estimates are revised, and the \$583,000,000 represents the latest information on the subject.

It represented a 32 per cent increase. Now, I know that there is a popular impression that all of the troubles that confronted the Railway Administration, and which were responsible for a deficit in the operating of the roads, were due to and related to this question of increase of wages. But it seems to me that this conclusion is hardly warranted by the actual facts; certainly not to the extent to which it has been carried. It was not alone in the railroad world that men were getting increased compensation. In point of fact, in most lines they received increases of compensation in excess of 32 per cent over what they had received before.

There is another impression that seems to be pretty general, and yet which the facts, I am sure, do not warrant, and that is that the railroad employees as a body are paid very high wages. Now, that is not true, either. There are certain classes of highly skilled men who are in an organization of high efficiency who have been able in the past to have their wages increased so that some of these men receive large wages as compared with some other wage earners, but I believe that a careful examination of the wages paid to employees will show that in many instances they were very low-paid employees and that the general impression as to their being extravagantly paid is not warranted by the facts.

This increase of wages was made after consideration of a report of a commission appointed by the Director General of Railroads, and that commission was composed of Secretary Lane; Mr. McChord, of the Interstate Commerce Commission; Mr. Covington, a former Member of this House; and Mr. Willcox. In making their report they state this:

It has been a somewhat popular impression that railroad employees were among the most highly paid workers. But figures gathered from the railroads disposed of this belief. Fifty-one per cent of all employees during December, 1917, received \$75 per month or less, and 80 per cent received \$100 per month or less. Even among the locomotive engineers, commonly spoken of as highly paid, a preponderating number receives less than \$170 per month, and this compensation they have attained by the most compact and complete organization, handled with a full appreciation of all strategic values. Between the grades receiving from \$150 to \$250 per month there is included less than 3 per cent of all the employees (excluding officials) and these aggregate less than 60,000 men out of a grand total of 2,000,000.

The greatest number of employees, on all the roads, fall into the class receiving between \$60 and \$65 per month—181,693; while within the range of the next \$10 in monthly salary there is a total of 312,761 persons. In December, 1917, there were 111,477 clerks receiving annual pay of \$900 or less. In 1917 the average pay of this class was but \$56.77 per month. There were 270,855 section men whose average pay as a class was \$50.31 per month; 121,000 other unskilled laborers whose average pay was \$58.25 per month; 130,075 station service employees whose average pay was \$58.57 per month; 75,325 road freight brakemen and flagmen whose average pay was \$100.17 per month; and 18,465 road passenger brakemen and flagmen whose average pay was \$91.10 per month.

Mr. Hines in his testimony makes this statement as to the wage increase:

That act was passed in September, 1916, effective January 1, 1917.

The way Director General McAdoo dealt with that was this: He said to the representatives of labor, who were clamoring for an immediate increase to meet an undoubted increase in the cost of living, that he would, as soon as possible, appoint a wage commission to study the whole matter and that he would, as soon as that commission made a report, make an award on the wage question and would make that award retroactive to January 1. Those people were demanding this as of January 1 before he did it. He then appointed this commission, consisting of Mr. Lane, Mr. McChord, Judge Covington, and Mr. Willcox. The commission made its report, outlining a general scheme of wages, and when that report was acted on and those wage rates were established they were made retroactive to January 1, because that was the arrangement under which labor had worked in the meantime, that whatever was allowed as the result of the report would be made retroactive. It was demanding that at January 1, and was on the point of striking as against the private owners in order to get it.

It was recognized that the situation was so complex and also that the competitive conditions of every sort of labor were so serious that that general treatment which the Lane commission made would not meet the whole situation, so a board of wages and working conditions was created which consisted of three representatives of the railroad management, railroad officials who had long been in the service dealing with labor, and dealing with it, of course, from the private corporation standpoint, and it consisted also of three representatives of labor. That was a bipartisan board of six, three railroad representatives and three labor representatives, and every claim for any adjustment of wages in addition to what was allowed on the basis of the report of the Lane commission was referred to that bipartisan board. That bipartisan board went into the matter and made recommendations, and those recommendations were what have constituted the basis for the allowance of increases in addition to the Lane report.

Mr. BLACK. Will the gentleman yield for a question?

Mr. SHERLEY. I will, but I should prefer to go forward.

Mr. BLACK. If the gentleman can do so during his statement, I should like to have him give us some figures showing what these different classes of employees now receive, because I have a table here that shows a very abnormal increase.

Mr. SHERLEY. I have not that table. If I had it I would be glad to put it into the RECORD.

Now, I did not make this statement as expressing an opinion in connection with the amounts of increase that were allowed these men, but I did it in order that the House might be in possession of the facts upon which the action was based. Whether the conclusions were warranted is a matter about which there will probably be disputes until the end of time.

There was not only this increase of expense of \$583,500,000 in the wages of the employees, but there was an increase in regard to everything else. The railroads were in the same situation that other people were in. The markets that they had to go into for purchases were higher than ever known before. In addition to that they were confronted with a very serious labor shortage, and their labor shortage was more acute in one particular than that which pertained to other industries, because they had to deal not only with that shortage of labor which was general to the country because of the mobilization of men into the Army, but in addition to that the Government was operating a very extensive railway system in France, and in order to operate that it required a very large demand to be made directly upon the skilled class of labor that they looked to and had had in their employ in connection with the operation of the railroads here.

The result was that they had to employ a great deal of labor that was not skilled; that could not give the same amount of efficient work that regular employees had given, and there had to be a great deal of overtime; and overtime is not only expensive in the agreement as to the payment for it but it is also expensive as a character of work. Overtime work is never economical work, speaking by and large.

In order to meet this situation the Railroad Administration, under the authority to the President granted by Congress, undertook to increase the rates, both passenger and freight. The increased passenger rates went into effect on June 10, 1918, and in freight rates on June 25; so that, generally speaking, the Government got the benefit of the increased rates for a little over six months. It met the burden of increased cost for 12 months, and that is a factor that must be taken into consideration in connection with the whole problem.

United States Railroad Administration—Class 1 roads and large terminal companies.

Estimated increase in revenues in 1918 account increase in freight and passenger rates:	
Total revenues 12 months ended Dec. 31, 1918.....	\$4,883,970,652
Total revenues 6 months ended June 30, 1918.....	2,081,448,000
Total revenues 6 months ended Dec. 31, 1918.....	2,802,522,652
Estimated total revenues excluding increases of 25 per cent in rates.....	2,242,018,122
Estimated increase in revenue due to increased rates..	560,504,530

This increase divides between freight and passenger revenues approximately as follows:

Freight revenue.....	\$414,773,352
Passenger revenue.....	145,731,178
Total.....	560,504,530

The result of the first year's operation by the railroads was as the statement appears in this record, and which is used in connection with the figures, a deficit of \$196,000,000. Later figures have shown that it is now about \$205,000,000, covering practically the entire operation. Gentlemen will understand that it is a full month after any previous month before accurate figures can be had touching operations, and therefore the statement made by Mr. Hines, the Director General, of \$196,000,000 was a statement approximately made. It is the figure that is carried in the financial statement here, having in mind, however, that it was not a final statement, because the Director General, in his oral testimony, constantly speaks of a deficit of \$200,000,000. The actual deficit will be, as I have suggested, probably \$205,000,000.

Mr. LONGWORTH. Will the gentleman pardon me in that connection? What do the figures "\$381,000,000" mean, "amount to be provided to settle all accounts"?

Mr. SHERLEY. I would rather not answer that now, but I will come to the financial statement in a few moments and show you how those figures arose. So that of the \$500,000,000 which Congress appropriated in order to enable the Government to operate the railroads there must be \$205,000,000 charged up to profit and loss.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. GREEN of Iowa. Does that statement cover all the loss?

Mr. SHERLEY. It covers all the loss for the fiscal year 1918.

Mr. GREEN of Iowa. If the gentleman will pardon me, does it cover the expense of operating the railroad bureau here?

Mr. SHERLEY. It covers all those expenses. They are predicated on the idea of the net returns as against the operating expenses, together with the agreed standard returns to be made to the railroads.

Mr. GREEN of Iowa. I may be in error, but I understood that the appropriation to carry on the railroad bureau here was carried in another item entirely.

Mr. SHERLEY. The gentleman is mistaken.

So that of the \$500,000,000 that we gave you can charge off \$205,000,000, or, according to the figures I have been using here, \$196,000,000. When we made provision in the railroad act for this \$500,000,000 fund it apparently was not contemplated by anybody that the Government would have to supply any funds for working capital for the operation of the railroads. Either it was believed that the railroads could furnish that working capital with the turning over of the railroad properties or else the matter, like many other things, was not thought of in connection with the discussion and the legislation had.

But when it came to making agreements with the railroads themselves, they insisted that they were not able to supply to the Government the working capital necessary for the operation of the railroads. And if they were required to give up without getting any credit all the moneys they had out in the hands of conductors, agents, cash in the treasury, they would be unable to meet the heavy investments they had made in connection with betterments in anticipation of existing and greater needs that were to come, and with the idea that, perhaps, by buying then they could buy for less than they could later in a constantly rising market.

The consequence was that Mr. McAdoo, in making agreements with the railroads in the standard form of contract set out in the hearings, agreed that they should not be required to furnish working capital, and that whatever moneys were taken over by the Government along with the properties themselves the railroads should have the credit for.

Now, men may agree or disagree as to the wisdom of that act. It is, however, an accomplished fact, and the contracts made with many of the railroads, and to be made, so provide. The result is that the Government has of its cash tied up \$247,000,000—that is, in cash it has on hand—and \$154,000,000 of agents' and conductors' balances.

Manifestly, assuming that these amounts remain about constant, at the end of the Federal control these moneys will come back into the Federal Treasury; that it is what might be called working capital, and will become free the moment we cease to operate the railroads, and it will then come back as a credit on the appropriations that have been made and are now being asked for.

At present there is \$247,100,000 tied up as cash and \$154,000,000 as balances in the hands of agents and conductors. That

represents about the money necessary—being less than a month's outgo—about what is necessary to have either in the Treasury or in the hands of conductors and agents.

Mr. DEWALT. Will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. DEWALT. Does it not require \$325,000,000 per month for the railroads now?

Mr. SHERLEY. At least that. Another situation arose. The railroads had, as I have stated, considerable quantities of material and supplies on hand at the time the Government took over the railroad property. It was insisted on the part of the railroads that the Government should pay them for such material and supplies, and in giving over the railroads for a standard return they were giving the railroads and not the material and supplies. The Government insisted, however, that they were part of the railroad property and came to the Government as such and it was so determined. But in connection with negotiations that came up in connection with the balances due by the Government and by the railroads to the Government, advances made by the Government, present payment would not be demanded when supplies and materials taken over gave the Government ample security. Gentlemen must recollect that during the first five months, as I have stated, the railroad owners operated their roads, although under Government control, practically as they had been operated before, there was a commingling—I do not mean that the records do not exist—of the receipts and expenditures that belong to the railroads and to the Government. There were bills coming over from the previous year, expenditures being made to be charged some to the Government and some to the railroads, and there was a general handling of the railroads as they had been handled before. When it came to the adjustment of balances on open accounts the railroads insisted that if they were required to pay all the moneys that might be shown to be due by them to the Government, they would not be able to do it; that they did not have the money and they did not have the credit and could not get the money. It was finally agreed in the contract that they should not be required to make these returns, but that they would be held as advances by the Government to them where the material and supplies that had been turned over were amply sufficient to secure the Government against any possible loss.

An estimate of \$100,000,000 is made in connection with the financial statements as covering those advances that have been made to the railroad companies. That, therefore, is \$100,000,000 that is tied up and that will be reimbursed and it is amply secured by material and supplies which the Government obtained when it took over the railroads, but it, together with the items of \$247,100,000 of cash, \$154,000,000 of agents' and conductors' balances, makes a total of \$501,100,000. Against that are outstanding bills to be paid, accounts, etc., coming over from 1918, of \$162,047,865, making a net amount of assets that the Government would have, if we were to settle now on the basis of the 1918 situation, of \$339,052,135, but which, as long as we are continuing to operate the railroads, and in point of fact for some months after, until final adjustments can be made, will be tied up.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. SNYDER. It is stated that the current fund necessary to operate monthly is about \$350,000,000. At the time the roads were taken over there must have been a current balance in the hands of the various railroad companies of about that amount. What became of that fund?

Mr. SHERLEY. I stated just a few moments ago that the railroad companies insisted, if they were required to give that fund to the Government for its use in connection with the operation of the railroads, that they would be in a position where they could not meet their outstanding obligations.

Mr. SNYDER. When the Government took the roads over it must have taken those current balances and then returned them.

Mr. SHERLEY. They took them, and they gave credit to the railroads for that amount of money.

Mr. SNYDER. There does not seem to be anything in this report showing that.

Mr. SHERLEY. If the gentleman will examine the hearings he will find an explanation, and particularly at the conclusion a financial statement which, I think, perhaps, is a little bit clearer and more easily understood than what is put in the report, which was the statement made by the Director General on the submission of the estimates; and may I say, in answer to the gentleman's inquiry, and his implied criticism—and I am not objecting to the criticism—that it is practically impossible for any man to undertake to set out in either a financial table or a speech any-

thing except the result of balances back and forth in credits and debits as to open accounts, and various other matters involving all of the railroads of America. I have worked intermittently with my other duties for some two or three weeks to try and reduce down to its simplest form this financial problem, and I think the gentleman will appreciate that there are many things that I can not give him in detail, and yet the books and the statements of the Director General amply warrant the conclusions which I have set out here as to details that need to be taken into consideration in connection with the financial statement.

Mr. SNYDER. I hope sincerely that the gentleman had no idea that I had any intention to criticize.

Mr. SHERLEY. Not in the slightest.

Mr. SNYDER. I appreciate quite fully how carefully the gentleman presents all of his statements to the House.

Mr. SHERLEY. I took occasion, because of the gentleman's question, to explain why it is that there are some processes in reaching a conclusion that I would not be able to state unless I was a very skilled actuary, and I am not.

Mr. LONGWORTH. Of course the gentleman concedes that these statements are confusing, particularly to those of us who have not had the advantage or the disadvantage the gentleman has had in going into these figures, but could the gentleman state, roughly, the main items of which the \$750,000,000 is made up?

Mr. SHERLEY. I shall come to it, if the gentleman will permit, and then I shall make a summary of the whole in the most condensed form I am able to make it. If the gentleman will look on page 188 of the hearings, he will find a financial statement that undertakes to reduce that down, but I was trying in a narrative form to give some of the very processes that have just been requested in regard to how this money was tied up, and why it is that we need this additional amount of money. If I have made myself clear, I have undertaken to show that there is necessarily tied up \$339,052,135, as what might be called a working fund of the Government in connection with the operation of the railroads.

I now come to the next item, which represents an investment upon the part of the Government concerning which the Government can not immediately or perhaps for some years expect a return for, and yet it represents that much actual cash necessarily tied up, and that is in connection with the matter of betterments—and I think this is the matter about which the gentleman from Ohio [Mr. LONGWORTH] inquired. One of the very purposes for taking over the railroads was by giving the Government's credit to the extent it might be necessary and having control over the matter to make sure that there should be those improvements made in the roads and in the rolling stock that were necessary in order to do the business of the Nation.

Gentlemen must bear in mind this very fundamental thing: You can not look upon the railroads simply as you would look upon ordinary commercial enterprises. The railroads of a country are the very vitals of a country. Destroy the transportation of a country and you have absolutely destroyed the progress of a country, and it was perfectly manifest to any man with the least sort of vision that you could not undertake to conduct a great war, making a tremendous demand upon America, unless you had your railroad facilities to some degree adequate to handle the tremendous volume of traffic that was the essential of the successful prosecution of the war.

Mr. HICKS. Mr. Chairman, will the gentleman yield for a moment?

Mr. SHERLEY. Yes.

Mr. HICKS. I have not had the opportunity of reading this report as fully as I would like, but could the gentleman give me in a very short way, if it is possible, the loss the Government has sustained in a year's time in the operation of the railroads?

Mr. SHERLEY. I have already stated it—\$196,000,000, according to this financial statement, and I further stated that on a more complete return it would probably be \$205,000,000. I wish again to suggest—and it is not out of any discourtesy—that I believe it will expedite the understanding of this problem if I am permitted in a broad way to state this intricate case, and then I shall come back to any questions anybody may desire to ask me. When the Government took over the railroads it immediately sent out an inquiry to all of the former owners of the roads, asking them to submit an estimate—a budget—of what they needed and believed ought to be expended in connection with betterments or capital investment, and in capital investment are included improvements to roads and rolling stock or equipment.

They made a report which was scrutinized and checked and very greatly reduced, and the Government then undertook what apparently would be a final investment of something like \$1,300,-

000,000 in the way of additional equipment and betterment for the roads of the country. This necessarily went through various stages of modification and contraction, and after the armistice was very severely cut down in connection with future betterments. Gentlemen will find on page 109 of the hearings a statement by Mr. Hines touching this budget. For the year 1918 there was actually spent in the way of betterments for the railroads, either on roads or equipment, \$573,334,119, and that figure it is well to bear in mind. Now, of that amount \$283,945,575 was for road improvement, improvement on the roadbeds, terminals, sidings, and so forth, and \$289,388,544 represented equipment. Some of that equipment had been ordered by the railroads in 1917, was delivered in 1918, and some of it was equipment which the Government ordered; but the total is in the amount which I have stated.

Expenditures from Jan. 1 to Dec. 31, 1918, in connection with work chargeable to capital account, by classes of work, for class 1 railroads.

Widening cuts and fills, filling trestles, etc.	\$4,478,500
Ballasting	4,745,625
Rails and other track material	16,120,490
Bridges, trestles, and culverts	23,977,592
Tunnel and subway improvements	1,033,780
Track elevations or depressions	3,604,875
Elimination of grade crossings	4,601,213
Grade crossings and crossing signals	1,026,615
Additional main tracks	31,738,070
Additional yard tracks, sidings, and industry tracks	61,614,230
Changes of grade or alignment	3,378,600
Signals and interlocking plants	6,775,725
Telegraph and telephone lines	2,962,473
Roadway machinery and tools	1,472,070
Section houses and other roadway buildings	2,436,680
Fences and snowsheds	1,054,629
Freight and passenger stations, office buildings	18,513,512
Hotels and restaurants	496,950
Fuel stations and appurtenances	4,653,293
Water stations and appurtenances	6,593,980
Shop buildings, engine houses, and appurtenances	32,612,789
Shop machinery and tools	8,485,074
Electric power plants, substations, etc.	6,904,590
Wharves and docks	1,810,735
Coal and ore wharves	4,771,028
Grain elevators and storage warehouses	1,935,470
Real estate	410,620
Assessments for public improvements	1,532,604
All other improvements	6,225,319

Total (excluding equipment).....265,967,131

Locomotives, steam	64,125,500
Locomotives, steam, ordered by the United States Railroad Administration	40,329,902
Locomotives, other	985,320
Freight-train cars	73,423,032
Freight-train cars, ordered by United States Railroad Administration	77,186,507
Passenger-train cars	9,475,326
Work equipment	1,959,616
Motor car and trailers	55,327
Floating equipment	820,195
Miscellaneous equipment	425,300
Improvements to existing equipment	21,016,943

Total equipment.....289,802,068

Construction of extensions, branches, and other lines.....17,564,920

Total all work.....573,334,119

NOTE.—Actual for 11 months to November 30, 1918, estimated for December.

Expenditures from Jan. 1, to Dec. 31, 1918, in connection with work chargeable to capital account for class 1 railroads.

Alabama & Vicksburg Ry.	\$137,956
Alabama Great Southern R. R.	868,387
Ann Arbor R. R.	147,661
Arizona Eastern R. R.	180,836
Atchison, Topeka & Santa Fe Ry.	22,385,203
Atlanta & West Point R. R.	569,722
Atlanta, Birmingham & Atlantic R. R.	489,733
Atlanta & St. Lawrence R. R.	239,939
Atlantic City R. R.	59,697
Atlantic Coast Line R. R.	4,296,431
Baltimore & Ohio R. R. (including coal and coke)	18,239,930
Bangor & Aroostook R. R.	425,784
Beaumont, Sour Lake & Western Ry.	47,863
Bessemer & Lake Erie R. R.	3,107,019
Boston & Maine R. R.	3,757,532
Buffalo & Susquehanna R. R.	8,696
Buffalo, Rochester & Pittsburgh Ry.	7,243,590
Carolina, Clinchfield & Ohio Ry.	2,181,454
Central of Georgia Ry.	1,838,185
Central New England Ry.	358,721
Central R. R. of New Jersey	6,332,690
Central Vermont Ry.	110,103
Charleston & Western Carolina Ry.	36,063
Chesapeake & Ohio Ry.	6,219,031
Chicago & Alton R. R.	1,804,309
Chicago & Eastern Illinois R. R.	3,341,595
Chicago & Erie R. R.	184,250
Chicago & North Western Ry.	11,961,537
Chicago, Burlington & Quincy R. R.	11,579,651
Chicago, Detroit & Canada Grand Trunk Junction R. R.	127,345
Chicago Great Western R. R.	1,057,947
Chicago, Indianapolis & Louisville Ry.	521,008
Chicago, Milwaukee & St. Paul Ry.	14,395,369
Chicago, Peoria & St. Louis R. R.	55,828

Chicago, Rock Island & Pacific Ry. (including C., R. I. & G. Ry.).....\$7,250,638

Chicago, St. Paul, Minneapolis & Omaha Ry.	948,950
Chicago, Terre Haute & Southeastern Ry.	162,265
Cincinnati, Indianapolis & Western R. R.	372,404
Cincinnati, New Orleans & Texas Pacific Ry.	1,806,890
Cincinnati Northern R. R.	137,096
Cleveland, Cincinnati, Chicago & St. Louis Ry.	9,982,111
Colorado & Southern Ry.	372,910
Cumberland Valley R. R.	547,838
Delaware & Hudson R. R.	1,465,813
Delaware, Lackawanna & Western R. R.	3,628,602
Denver & Rio Grande R. R.	1,319,426
Denver & Salt Lake R. R.	12,783
Detroit & Mackinac Ry.	912
Detroit & Toledo Shore Line R. R.	109,460
Detroit, Grand Haven & Milwaukee Ry.	80,685
Detroit, Toledo & Ironton R. R.	109,018
Duluth & Iron Range R. R.	722,578
Duluth, Missabe & Northern Ry.	1,366,593
Duluth, South Shore & Atlantic Ry.	77,485
Elgin, Joliet & Eastern Ry.	886,285
El Paso & Southwestern R. R.	2,581,756
Erie R. R.	4,942,667
Florida East Coast Ry.	1,930,652
Fort Worth & Denver City Ry.	162,811
Fort Worth & Rio Grande Ry.	31,388
Galveston, Harrisburg & San Antonio Ry.	2,786,589
Georgia R. R. Lessee Organization	475,520
Georgia Southern & Florida Ry.	127,123
Grand Rapids & Indiana Ry.	96,852
Grand Trunk Western Ry.	1,324,309
Great Northern Ry.	12,113,086
Gulf & Ship Island R. R.	158,916
Gulf, Colorado & Santa Fe Ry.	945,343
Gulf, Mobile & Northern R. R.	945,115
Hocking Valley Ry.	1,816,256
Houston & Texas Central R. R.	157,835
Houston, East & West Texas Ry.	29,352
Hudson & Manhattan R. R.	193,084
Illinois Central R. R.	24,830,199
International Great Northern Ry.	516,102
Kanawha & Michigan Ry.	2,048,973
Kansas City, Mexico & Orient R. R. (including Kansas City, Mexico & Orient Ry. Co. of Texas)	11,064
Kansas City Southern Ry.	1,169,142
Lake Erie & Western R. R.	1,152,908
Lehigh & Hudson River Ry.	273,542
Lehigh & New England R. R.	426,359
Lehigh Valley R. R.	2,752,866
Long Island R. R.	1,676,565
Los Angeles & Salt Lake R. R.	1,360,793
Louisiana & Arkansas Ry.	23,253
Louisiana Western R. R.	29,175
Louisville & Nashville R. R.	10,432,672
Louisville, Henderson & St. Louis Ry.	126,170
Maine Central R. R.	960,672
Michigan Central R. R.	8,110,856
Midland Valley R. R.	185,823
Mineral Range R. R.	9,650
Minneapolis & St. Louis R. R.	259,995
Minneapolis, St. Paul & Sault Ste. Marie R. R.	789,088
Minnesota & International Ry.	33,499
Missouri & North Arkansas R. R.	19,490
Missouri, Kansas & Texas Ry.	4,178,770
Missouri, Kansas & Texas Ry. of Texas	650,816
Missouri Pacific R. R.	2,992,011
Mobile & Ohio R. R.	388,834
Monongahela Ry.	1,354,931
Morgan's Louisiana & Texas R. R. & S. S. Co.	313,759
Nashville, Chattanooga & St. Louis Ry.	2,680,980
New Orleans & Northeastern R. R.	799,068
New Orleans Great Northern R. R.	74,496
New Orleans, Texas & Mexico Ry.	31,681
New York Central R. R. (including Boston & Albany)	38,421,801
New York, Chicago & St. Louis R. R.	3,386,674
New York, New Haven & Hartford R. R.	12,610,924
New York, Ontario & Western Ry.	210,558
New York, Philadelphia & Norfolk R. R.	274,377
New York, Susquehanna & Western R. R.	239,848
Norfolk & Western Ry.	13,465,869
Norfolk Southern R. R.	265,412
Northern Pacific Ry.	11,690,154
Northwestern Pacific R. R.	251,077
Oregon Short Line R. R.	1,995,416
Oregon-Washington R. R. & Navigation Co.	1,225,512
Panhandle & Santa Fe Ry.	673,582
Pennsylvania Co., lines west	11,765,994
Pittsburgh, Cincinnati, Chicago & St. Louis R. R.	11,755,453
Pennsylvania R. R., lines east	54,037,259
Pere Marquette Ry.	4,304,110
Philadelphia & Reading Co.	11,666,751
Pittsburgh & Lake Erie R. R.	2,650,404
Pittsburgh & Shawmut R. R.	336,870
Pittsburgh & West Virginia Ry.	589,799
Port Reading R. R.	82,956
Richmond, Fredericksburg & Potomac R. R.	1,055,429
Rutland R. R.	888,790
St. Joseph & Grand Island Ry.	138,969
St. Louis, Brownsville & Mexico Ry.	41,598
St. Louis-San Francisco Ry.	3,433,378
St. Louis, San Francisco & Texas Ry.	20,080
St. Louis Southwestern Ry.	1,265,466
St. Louis Southwestern Ry. of Texas	175,071
San Antonio & Aransas Pass Ry.	97,027
Seaboard Air Line	3,378,728
Southern Pacific Co.	13,418,591
Southern Ry.	15,107,984
Southern Ry. in Mississippi	15,803
Spokane, Portland & Seattle Ry.	527,752
Staten Island Rapid Transit Ry.	665,084
Tennessee Central R. R.	81,947

Texas & New Orleans R. R.	\$147,030
Texas & New Orleans R. R.	147,030
Texas & Pacific Ry.	2,860,293
Toledo & Ohio Central Ry.	2,290,525
Toledo, Peoria & Western Ry.	26,141
Toledo, St. Louis & Western R. R.	414,024
Ulster & Delaware R. R.	42,420
Union Pacific R. R.	14,775,798
Vicksburg, Shreveport & Pacific Ry.	112,593
Virginian Ry.	3,788,506
Wabash Ry.	2,548,246
Washington-Southern Ry.	263,931
Western Maryland Ry.	1,945,064
Western Pacific R. R.	1,674,743
Western Ry. of Alabama	301,847
West Jersey & Seashore R. R.	976,439
Wheeling & Lake Erie Ry.	2,122,740
Wichita Falls & Northwestern Ry.	4,759
Wichita Valley R. R.	20,639
Yazoo & Mississippi Valley R. R.	1,721,583
Cash advanced on undelivered equipment.	57,930,129

Grand total..... 573,334,119

NOTE.—Actual for 11 months to November 30, 1918, estimated for

Description of equipment ordered in 1918.

LOCOMOTIVES.

Type.	Average tractive power.	Number.	Total tractive power.
	Pounds.		Pounds.
Light Mikado.....	54,600	731	39,900,000
Heavy Mikado.....	60,000	290	17,400,000
Light mountain.....	53,900	35	1,890,000
Heavy mountain.....	58,000	15	870,000
Light Pacific.....	40,700	59	2,400,000
Heavy Pacific.....	43,800	20	877,000
Light Santa Fe.....	69,400	94	6,520,000
Heavy Santa Fe.....	74,000	175	12,950,000
Light Mallet.....	80,300	30	2,410,000
Heavy Mallet.....	106,000	121	12,850,000
C-wheel switch.....	39,100	255	10,000,000
8-wheel switch.....	51,200	175	8,950,000
ending consolidated.....	50,000	30	1,500,000
Total.....	58,400	2,030	118,517,000

FREIGHT TRAIN CARS.

Type.	Number.	Total capacity.
		Tons.
50-ton single-sheathed box.....	25,000	1,250,000
40-ton double-sheathed box.....	25,000	1,000,000
50-ton gondola.....	20,000	1,000,000
55-ton nopper.....	25,000	1,375,000
70-ton gondola.....	5,000	350,000
Total.....	100,000	4,975,000

Now, of this total of five hundred and seventy-three million and odd dollars of capital investment, the railroads will be required to pay out of their assets and by deduction from the standard return which is to be made to the roads under the law as passed, with the contracts which are being entered into, \$282,515,836, which we will leave as advancements made by the Government in the way of betterments or capital amounting to \$290,918,283. And gentlemen will find that by the testimony and in the financial sheet that is presented that figure is carried in right along, \$290,918,283, which represents the amount of investment that the Government has made in the year 1918 for the railroads of America. Of this amount probably—and the reason I say probably is because all of these matters of one hundred and seventy-odd roads are matters of adjustment as to how much shall be allocated here and there—\$70,585,827 will be in improvement of roadbeds as such and \$220,332,456 will be in equipment. Now that represents the debt of the railroad companies to the Government, and the question very naturally arises why should they not be required to pay it to the extent, at least, that they owe for moneys under the standard return. And that, gentlemen, brings you really to the crux of a very large part of this proposition as to how much money you shall vote to the administration at this time. The theory upon which we have proceeded the Railway Administration has been proceeding; the theory upon which the railway act was passed and the theory that the facts as they exist in the financial world at large would seem to compel is this: That the railroads, by virtue of their standard return, should be given such revenues as to enable them to meet their fixed charges, to take care of such dividends as have in the three-year period past been paid and are warranted in being paid by virtue of the previous financial condition of such roads. Now, gentlemen will realize that a railroad corporation, so to speak, never expects to pay its investment debts.

It never undertakes, except to a limited extent and a very limited extent, to take care of additions and betterments out of earnings, but what it does undertake to do is this: To make such a return from the use of its properties as will safely guarantee and meet at their maturity all of the interest charges and the payment of such a dividend in connection with stock as warrants the investing public to have invested either in their bonds or in their stock. I take it that, in a broad way, is what we will all agree is a necessary and proper policy in connection with a concern that never expects to have any end to its life. It will always be presumably a public utility performing a certain function and expects to continue to get investment in its capital by virtue of making earnings that warrant a return to the investors upon the money which they have invested. One of the reasons why the Government took over the railroads was not only in order to have a unified control which would enable them to move freight and handle the movement of troops and the war situation from an entirely governmental viewpoint, but it was also with the idea of making a certain and stable condition in connection with the roads of the country that there might not be created a condition by which their credits would go to pieces, where failure to meet interest charges would result in receivership, and their lack of credit deny any possibility of betterment and a serious impairment of the vital transportation systems of America. Now, that is not simply theory on my part. I think the hearings before the Committee on Interstate and Foreign Commerce of the House in connection with the railroad bill will bear out that general conclusion, and it is interesting to find that Commissioner Anderson, when interrogated to some extent by various Members, among others by my colleague, Mr. BARKLEY, of Kentucky, testified as to various sections of the law. In regard to section 5 he said:

Section 5 is intended to prevent any manipulation of the stock market.

It provides:

"That no carrier while under Federal control shall, without the prior approval of the President, declare or pay any dividend in excess of its regular rate of dividends during the three years ending June 30, 1917: *Provided, however,* That such carriers as have paid no regular dividends or no dividends during said period may, with the prior approval of the President, pay dividends at such rate as the President may determine."

It is contemplated that the standard return will be adequate to pay standard, regular dividends, and that it is desirable for the stabilization of the security market that those standard dividends or regular dividends should be paid. It is conceivable, if the purchasing power of money goes down, that it may be desirable that a regular dividend—for instance, the New York Central's 5 per cent—should be increased to 6 per cent; therefore we put in there the words "with the prior approval of the President."

Now, the very moment you deny to the railroads a sufficient payment to enable those standard roads whose past history and management have justified the dividends they were paying in the three-year prewar period to pay such dividends that moment you hurt as nothing else could hurt the credit of the railroads.

Now, the credit of the railroads is essential, if they are to pay for betterments at all, and betterments are necessary if the railroads are to be run. You can not stop putting additional capital in. The result is that you can not simply say, "Well, the railroads owe us for betterments; why should we pay them any money in order that they may pay dividends to their stockholders when they are owing us?" That would be true and is true if you were undertaking to give them of the standard return such an amount as would permit them to pay dividends where the character of the roads' earnings in the past did not warrant that.

Of course no railroad whose earnings and whose credit have been of such a character because of its earnings as to show that it is not able to take care of, not to-day, not to-morrow, not in three months, but to take care of over a normal period, the financing of its betterments ought to be permitted to pay dividends, and it is not permitted under any of these arrangements.

There has been paid in 1918 by the railroad companies as dividends that are recognized by the Government a total of \$253,784,597. Part of those dividends were paid out of income aside from that which they got from the standard return. These railroads got from other income \$183,674,292. So that of these dividends which have been paid, \$97,901,372 represents what they have paid in 1918 out of standard returns. But I think the division is not material, because I do not agree with the suggestion that whether they should be permitted to pay dividends to that extent ought to be determined by how much comes from the standard return or from their other income. They ought to use all the income, whether it comes from the Government or comes otherwise, in meeting their fixed charges and as a basis for their financial credit in connection with betterments and capital invested.

Mr. DEWALT. Will the gentleman let me give him a thought there?

Mr. SHERLEY. Yes.

Mr. DEWALT. The facts exist, as shown by the testimony, that no dividends were paid by the Government or allowed in the standard return except those that have been actually earned as exhibited by the prewar period.

Mr. SHERLEY. Unquestionably. I undertook to make that plain either impliedly or directly, and I am glad to have the gentleman emphasize it.

Somebody may contend, "Why should you not take this \$290,000,000, which represents the Government investment in these railroads, and reduce it by holding out from the standard return enough money, at least, as represents what these railroads are paying out in dividends to the stockholders, and let the stockholders look to the railroads to get their dividends for them elsewhere?" Now, that has some force if you do not look into it. It is not the Government's business normally to undertake to guarantee returns to investors in railroad securities. I am the last man on earth to believe that the Government ought to, as a fixed policy, undertake to say to the investors, "We will guarantee you by paying other bills for you, that you shall always get your dividends." I think it is necessary and proper that the Government by its regulation of rates should see to it that railroads properly managed, with all that those words "properly managed" imply, should be permitted to make such earnings as will enable them to pay their operating expenses and fixed charges and pay a proper dividend upon the investment, because otherwise you will never be able to finance railroads.

But the proposition that confronts the House and the country is not what may be desirable as a broad proposition, but what is the fact growing out of the Government taking over the railroads. Men say the Government ought not to have taken them over. I do not agree with that. I think we had to do it in connection with the war, but whether we had to do it or not we have done it. And we can not, much as we would like to do it, dismiss the facts that exist. The tendency of all of us here is to try to think back to more than any three-year prewar period.

Our legislative minds flow back, and we think of the old days when anything such as is suggested now would have been looked on as folly, and therefore we jump to the conclusion that because it would have been folly then it is folly now, and in jumping to the conclusion we jump over the tremendous controlling, determining factors that grow out of the greatest cataclysm that the world ever saw. We have got to pay our war bills, and some of our war bills will consist in just these temporary advancements made to the railroads. Men who are not willing to bear those things in mind, it seems to me, are unable to cope with the situation, a situation that is trying in the last degree. It is not pleasant for me to stand here and recommend expenditures.

I realize, and I think I very soberly realize, the tremendous demands that are going to be made upon the credit of America, and I do not want to make the borrowing of the American Government more extensive than is absolutely necessary. But sometimes you have to go forward if you are to come out at all. And in my judgment—and it is only my judgment, and I quarrel with no man who differs with it—if you undertake at this particular time to force the railroads to finance all previous betterments and all of those that must be made in the year 1919, you will force them into a market where they can not do it, and if they did do it, it would be at a cost to the Government in the increase of rates in connection with its own borrowing that would more than offset any economy in retaining in the Treasury a limited amount of money.

Now, if I am wrong in that, much of this proposition here falls to the ground; but I do not believe, and the Secretary of the Treasury does not believe, as he testified, that we can at this moment say to the railroads, "You must go into the open market and from private financial sources borrow all the money necessary to repay the Government for all the advances it has made in 1918, and in addition to that you must meet the obligations that are going to mature in 1919 and take care of the additional betterments that must be made to keep the roads running."

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. WALSH. Mr. Chairman, I ask unanimous consent that the gentleman be granted an additional hour.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the gentleman from Kentucky be granted an additional hour. Is there objection?

There was no objection.

Mr. SHERLEY. Now, if gentlemen differ with me, if gentlemen think that you can repudiate what underlies this contract

and say to the railroads, "You shall not pay these dividends until you have paid us," presumably you may reduce as to the \$290,000,000 figure that is put in here as capital investment by the Government something like \$175,000,000 or \$200,000,000.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. BLACK. I would like to ask the gentleman this question: As I understand by the statement that the gentleman has made, if we should appropriate in this bill \$381,000,000 it would take care of all of the commitments of the Government for 1918 and leave a working capital of \$247,000,000 in the Treasury. Now, does the gentleman think it would be any repudiation of any obligation of the Government to eliminate \$369,000,000 that contemplates advancing that much to the railroads in 1919? Would that in fact be a repudiation of any obligation?

Mr. SHERLEY. I am not prepared to say it would be a repudiation, but I am prepared to say—and I hope to reach 1919 in a few minutes—that it would be an unwise conclusion, and a conclusion fraught with more evil to the Government than the advance of the money it represents; and that, of course, is one of the factors for Congress to determine. But I do not believe that you can now, or within the next three or four or five or six months, expect the railroads to finance their needs to the extent of taking care of the equipment that we have ordered and of the equipment that must be ordered and of the road improvements; and this would result if they did not do it: That as to this equipment, which the Government has obligated itself to pay, there would be a repudiation, if the Government did not pay, for the \$286,000,000 worth of equipment which the Government has already ordered and which is to be delivered in 1919. If we did not pay it, and the railroads were not able to pay it, you would simply have the result of having that amount of debt, owed to the various equipment companies which furnished the rolling stock, not paid. You would have men thrown out of employment. You would cut down overnight the entire amount of employment that would go to railroad extension, and you would involve, in my judgment, the financial stability of this country to as great an extent as you could possibly do it by any one single act.

Now, that is my opinion. I have had but little dealing in connection with finance except as it relates to appropriations and governmental matters. I am not an expert as to what a market can do. But I submit that, in view of what it is going to be required to do for the Government, of at least lending \$6,000,000,000 to us very shortly, it is asking a good deal to place upon it the entire burden of financing betterments that ought to amount to \$800,000,000 and odd this year for the railroads.

Mr. DEWALT. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. DEWALT. Right there, in support of the gentleman's statement, let me remind the gentleman of the fact that the additions and betterments for 1918 and the estimated amount for 1919 will amount to over \$1,060,000,000, and of course they could not pay it.

Mr. WALSH. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. In a moment. In regard to what the gentleman has just said, the railroads under private ownership for the past 10 years prior to our taking them over made a capital investment annually, according to the Interstate Commerce Commission, of \$566,000,000, and, according to the estimate of Judge Lovett, of \$591,000,000. In 1918, as I have explained, our investment amounts to \$573,334,000, and the contemplated expenditure for 1919 is \$777,000,000, or a total of \$1,350,334,119, or an average for the two years of \$675,167,059.

Some one says that is nearly \$100,000,000 in excess of the average of the railroads heretofore. Figured in cost of work and materials, it is less than the average of 10 years before.

Now, the Lord knows that there was a lot of need in the way of betterments in connection with the railroads in the past 10 years, and we found it out when we came into an acute situation. For more than 10 years past the country has never faced a high tide of industrial output without finding an inadequacy of rail transportation. So that I submit it is not unreasonable to expect an investment for the coming year of \$777,000,000, and I do not believe that you can get that done simply by the railroads financing it. Much of it has to be met right away, because this equipment, this rolling stock, is coming in from day to day and the bills have to be paid, and if you do not pay them you will hurt the credit of the railroads.

You are very much in the situation of a banker that made advances to a manufacturer. He comes with a need for additional credit for a limited amount of time; if given to him, he can make out and make payment back. If not given to him, he must shut down and go into the hands of a receiver. The

very essence of sound banking consists at times—though it must be done with care and not with recklessness—in making additional advances in order to make secure what you have already done in order to enable the man to live.

Now, except to the individual manufacturer it is not very important whether he lives or not, but it is intensely important whether the railroads live or not; not simply from the standpoint of railroad investment or railroad ownership, but from the standpoint of the prosperity of this country.

Mr. DEWALT. I wish the gentleman would state right in that connection, too, that of this \$771,000,000 which is estimated for 1919, \$286,000,000 is already contracted for and to be delivered.

Mr. SHERLEY. That is true. I so stated. It represents equipment that we ordered and for which we are responsible.

Now, if I may digress—and I will hasten on, because one could talk for months on a problem so big as this, and I do not want to tire the House—of the \$573,000,000 that we have advanced in the way of capital investment, we are going on the basis of making them pay out of their standard return \$214,000,000, which we take from the standard return as a surplus over what they need for their fixed charges and those dividends which are recognizable as proper to be paid, and from other sources we reduce the total amount down to \$290,000,000. Of that \$290,000,000 that we have invested, what will be the situation? As to that part which represents rolling stock, probably there will be equipment trusts taken in the future. When those equipment trusts are given they are usually conditioned upon an initial payment of 25 per cent and an annual payment of 5 per cent for 15 years thereafter; and after there have been two annual payments, certainly after there have been three, which will represent 40 per cent of the loan, you will have a security that is of the highest marketable value, because the depreciation in value of rolling stock from year to year will be nothing like sufficient to eat up the 40 per cent of payment; and, having the leeway that you will have, you can in an ordinary market float the equipment trust without great difficulty. So that presumably the Government will be able to take, of this amount which it has put in for equipment, the equipment trusts of the railroads; and even if the railroads did not have the money to make the initial 25 per cent payment, and the Government advanced that and advanced the two-year 5 per cent payments, making 35 per cent, it could then take those equipment trusts and sell them in an ordinary market for their face value, and would thereby have reduced its indebtedness from the 100 per cent represented to 35 per cent of the loan.

Now, touching the investment made in road improvements, where they have bonds that they can issue under mortgages that have been created, we can take those bonds as security. Where they have not, and where they can issue additional mortgages on property not already covered by mortgages, we can take that security. In any event, with anything like normal conditions we ought to be able to have the railroads begin to pay back some of this money at the end of this calendar year or the early part of the next year, and in the course of a limited number of years they ought to be able to reimburse the Government entirely. Now, they will not only be able to do it, in my judgment, but they will be desirous of doing it, because they are being charged 6 per cent interest. The good roads, at least, will be able to refinance their capital investment in normal times at a rate of interest less than 6 per cent, and manifestly being able to do it they will be anxious to do it, and as early as they can they will refinance themselves and so pay the Government.

It is possible that as to some of this \$290,000,000 there may be some bad debts. I am trying to tell the House every phase of this problem I see. I do not know enough about the credits and the management of railroads to take even the presumptive allocation of this amount in the various roads and say, "This is going to be a bad debt," "This is going to be a good debt," "This may be a doubtful debt." But I think it is fair to presume, and the Director General thinks it is fair to presume, that the very great part of this investment will be repaid to the Government.

In addition to that \$290,000,000, which represents additions and betterments, we have advanced to inland waterways \$4,361,486. I shall not take the time of the House to go into the details of that. It represents \$500,000 of an operating loss. The rest of it represents an investment in boats and in barges, and relates practically to three waterways—the New York Barge Canal, the Warrior River, and the Mississippi River.

It is believed that a little longer period in operation will serve to demonstrate how much of truth or falsity there is in the

general belief, so often expressed on this floor, that with a proper arrangement for receiving and delivering freight from rail to water and from water to rail many of these waterways can be made productive and profitable and serve to relieve the tremendous burden upon the railroads. But the investment has been made to that extent; the bills have been paid and represent that expenditure for boats and barges on these three streams, less \$500,000, which is an operating loss.

Mr. HARDY. Is not that investment so infinitesimal that it gives really no test of the problem?

Mr. SHERLEY. It does not give a final test, but I think it might give a very good one as to these particular streams, and the Director General of Railroads rather hopes and believes that it will justify much that has been said in connection with waterway improvement and development.

Mr. FREAR. Will the gentleman yield?

Mr. SHERLEY. I yield to the gentleman from Wisconsin.

Mr. FREAR. The Director General has also stated, has he not, that unless the railroads are kept in public use it will be a waste of money?

Mr. SHERLEY. No; I have never heard that statement.

Mr. FREAR. Was not that the suggestion in his report?

Mr. SHERLEY. I do not know what Mr. McAdoo may have suggested.

Mr. FREAR. That is what I mean.

Mr. SHERLEY. I am speaking of the present Director General, Mr. Hines. I think this is true, and I think it ought to be true, that when we come to legislate instead of talking about the railroad problem we ought to provide for an interchange, compel an interchange of freight from rail to water and from water to rail.

I have long ago come to the conclusion that most of our investment in river improvements is wasted unless we are going to do away with antiquated methods in connection with water transportation. The negro and the mule on the levee as a means of interchange will have to be superseded if you are to have water transportation worth your while. If you expect the rivers to create and originate enough freight to warrant their being used in any large degree you are mistaken. It is possible that the Ohio might do it for down-river freight, on account of the tremendous tonnage that originates at Pittsburgh on that river, but speaking by and large it is hopeless.

Gentlemen, you have got to have a physical connection with the handling of freight back and forth between the rivers and the railroads, but that is another problem.

Mr. FREAR. If the gentleman will permit one question more. The direct relation of the Director General's suggestion is more in line in the controlling of the rates of the railroads, because if that is eliminated there is very little hope.

Mr. SHERLEY. You have got to control the rates, and you have to do more than that. In my judgment, you ought not to prohibit water and rail combinations, but you should compel it and control it. I have fought for that for 10 years, and for that reason I have not of late years been much enamored with the river and harbor bills passed by Congress.

In addition, there was an investment of \$51,475,000 in the New York, New Haven & Hartford. The reason for that was this, and I shall not take time to go into the details of it—they had to refund a lot of their investments. They had two-year notes out that were maturing. They were not able to get a renewal of those loans. The Government undertook to investigate the situation, and came to the conclusion that they were not able to renew those loans. They could not.

Mr. DEWALT. Forty-three million?

Mr. SHERLEY. Yes; and the betterments ran the matter up to fifty-one million. It became perfectly apparent that if they did not meet the notes at maturity that would mean repudiation, with a receivership. The Government could not afford to have a receivership of the New York, New Haven & Hartford at that time. It either had to have it or make the loan, and it made the loan.

That is the fact, and I am not here to undertake to pass personal judgment on whether the loan could have been privately financed or not, but men who were charged with that high responsibility determined that it could not be, and they made the loan. It is there, and we have to meet it as an actual fact.

Mr. DICKINSON. Will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. DICKINSON. What is the gentleman's opinion as to whether that railroad corporation is not now about to go into the hands of a receiver after this loan has been made?

Mr. SHERLEY. I have no information as to that. I have information that the obligations they took were secured by a mortgage under which prior loans come in on a parity with

this, and the security is deemed sufficient to take care of the loan that the Government made.

Mr. DEWALT. The gentleman will remember that this was at the time of the third liberty loan.

Mr. SHERLEY. I understand it was, but, as I say, I am not sufficiently acquainted with the financial stability of the road to prophesy the future, and I think I am not required to in considering this proposition.

Mr. LONGWORTH. Will the gentleman yield?

Mr. SHERLEY. Certainly.

Mr. LONGWORTH. Was all of this investment in the road made through the Railroad Administration? Was not a part made through the War Finance Corporation?

Mr. SHERLEY. The War Finance Corporation may have temporarily helped and have been reimbursed when the Railroad Administration made the loan, as it has done a number of times. But the fact is there is now an investment by the Government as a loan to the New York, New Haven & Hartford Railroad of \$51,475,000.

Mr. LONGWORTH. Does that represent the total amount the Government has financed the road?

Mr. SHERLEY. It does, as I understand it.

Mr. LONGWORTH. My impression was that a substantial sum was loaned by the War Finance Corporation.

Mr. SHERLEY. I think not. I did not have occasion to go into that.

Now, coming to the matter the gentleman asked me about, how I arrived at the \$381,000,000. I arrived at it this way: The \$290,918,283 betterments that I have undertaken to explain; working capital, \$339,521,350, I have explained as to how that was arrived at; financing inland waterways, \$4,361,486; New York, New Haven & Hartford, \$51,475,000; operating deficit, \$196,000,000; total, \$881,806,904. From which is to be subtracted the \$500,000,000 furnished under the appropriations heretofore made, leaving \$381,806,904 as the amount believed necessary in order to liquidate and clean up along the lines I have indicated the 1918 transactions.

Now we come to 1919, and I will try to be brief. This financial statement is predicated on the belief that there will be no operating deficit for 1919. Whether that belief is justified you can judge as well as I.

There has been a deficit in 1918, but it is to be remembered that in 1919 there will be a benefit over the whole year of increased yield from freight rates, whereas in 1918 there was only the benefit of five and a half months. Assuming as efficient an administration as you can expect under the circumstances, the whole question of whether we will have an operating deficit will depend very largely upon the general conditions of the country. And by efficient administration I mean as efficient as you can expect from a central Government agency—and the trouble there is not simply that it is governmental, it is also this: You can get efficiency by consolidation up to a certain point, but fortunately for mankind there is a limit to which you can make consolidation and keep efficiency.

I think some of the great trusts will find that out, if they have not already found it out, and certainly the operation from one central control of a railroad system for 110,000,000 people is too big a task, in my judgment, to be done efficiently, and if there was no other reason than that it would be a sufficient reason against Government ownership; it is not a practical thing to do.

There has been a falling off in railroad freight during the month of January. That will probably continue for four or five months. Indications are for a large harvest in the fall and to a large resumption of activity in the country. If these indications should turn out to be facts, we will have a volume of business in the fall that will more than take care of the slack business in the early part of the year, and we ought to come out without a loss. Whether we can, I do not know, and every gentleman is welcome to his own opinion. If we do not, there will be that much more in the way of loss to the Government; but at present this statement is predicated upon the belief that there will be none; and when I say "this statement" I mean the statement of the Railroad Administration in presenting the estimates to the Congress.

As to 1919, we have made commitments in connection with inland waterways for additional equipment of \$12,840,000.

Mr. GRAHAM of Illinois. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. GRAHAM of Illinois. I would like to be advised about these contracts that have been made for equipment for the present year. Are any of those contracts in such shape that they may with safety be canceled?

Mr. SHERLEY. I should say that of all the contracts that are figured in here none of them could be canceled, because most of them were made long ago—last year. Mr. Hines so testified (see p. 118 of the hearings). The highest sort of pressure was placed upon the people to fulfill the contracts, and I believe no one is of the opinion that they ought not to be carried through. I am not speaking now of the water contracts, but of the rail contracts for equipment, because practically nobody questions the need of this amount of equipment. Here is what the railroads would like: I think some of them would be very glad to have us get this equipment, pay for it at the highest cost of the contract, they not to accept the allocation of it to them, and when the roads are turned back to them continue to use that equipment and then take it in upon the basis of what they would determine was its value as of that time, because that would reduce their capital investment that much; and it has been a habit for a good many years past for a good many railroads to manage their property by using other people's rolling stock; and I expect they would have no objection to using the Government's.

Mr. ESCH. The allocation of cars under the 1918 contracts was really made compulsory on the carriers. Is that policy to be continued in respect to the 1919 contracts?

Mr. SHERLEY. I would not say that the allocation was compulsory, but, when made, the price is accepted by the railroads.

Mr. ESCH. But they have refused in some instances to accept them because they were delivered to them at war prices.

Mr. SHERLEY. That is just the point. What they would have to prove would be not that the price was wrong, but that it was not right to allocate to them a given number of cars. Unless they could prove that, the price at which they were allocated is not disputable, as I understand it.

Mr. ESCH. Now, that peace has come, will there be that necessity in the current year?

Mr. SHERLEY. I think so. I think it will be wrong if the railroads were permitted to say, "We do not want these cars at the price you have paid for them, but we will take them provided you reduce the price." The only question that the railroads should be permitted in good faith to present is whether the allocation of a given number of locomotives or of cars to a particular railroad was fair, considering their need and the total equipment that was ordered, and so forth, but having once determined that that allocation was fair they ought to pay the price, because if they had been running the railroads they would have had to have those cars to have performed their duties as public carriers, and they would have had to pay the price the Government paid, and there can not be an equity in my judgment otherwise.

Mr. ESCH. That allocation was based on war conditions, and 100,000 cars were ordered.

Mr. SHERLEY. Yes; it was based on war conditions to a certain extent only. Where they can show that the doing of a particular thing was necessary because of a purely war need, they may have some claim against an allocation, but with the railroads themselves ordering additional equipment and wanting additional equipment, wanting any that the Government has ordered, with a lot of the 1918 equipment, equipment they themselves ordered, I take it that the only real question is whether in particular instances there have been as to a limited number of cars or locomotives proper allocations. But, then, I am not deciding that question. That would be a matter the railroads and the Government will probably litigate about for some years to come.

Mr. HARDY. For the efficient transportation of this year's fall crop, if it should be such as the gentleman just indicated, we would be likely to need even more equipment than is ordered.

Mr. SHERLEY. I have not the slightest doubt that the amount of equipment is less than what it ought to be, if you are efficiently to run the roads at their highest maximum efficiency.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. Yes.

Mr. MADDEN. The gentleman was starting to explain about water transportation equipment.

Mr. SHERLEY. Yes.

Mr. MADDEN. I was wondering whether any provision had been made for the interchange of equipment or freight rates between the railroads and the water transportation.

Mr. SHERLEY. I think that under the present Government control there is some adjustment of rates, but I did not go into that subject to any extent, and I have not any real information upon it.

Mr. MADDEN. The only question which occurred to me in connection with the development of the water transportation facilities was whether it would be worth while for the Government to invest a large amount of money in equipment for that purpose unless we could interchange with the railroads.

Mr. SHERLEY. Well, I agree with the gentleman, but I would be very much more concerned with the question that he raises if it were a question whether we should invest rather than a question of paying for an investment we have already made.

Mr. MADDEN. If the obligation is already made—

Mr. SHERLEY. That is the fact and the Committee on Appropriations was faced with that fact. It has brought that fact to the House.

Mr. MADDEN. I did not understand the gentleman to say the obligation was already made, otherwise I would not have asked.

Mr. SHERLEY. Now, if gentlemen will permit I would like to state the theory of the 1919 program. We have agreed—it is about to be consummated, is practically consummated—to finance to the extent of \$20,000,000 the Boston & Maine reorganization.

There, again, was a railroad the history of which we are all more or less familiar with, and about which we have opinions more or less favorable, but the fact remains that the Boston & Maine is in a situation where the administration felt that it was necessary to undertake to the extent of \$20,000,000 to finance its reorganization, and that matter has gone to the extent of a practical accomplishment. Now, we have, further, \$286,000,000 worth of equipment which is to be delivered this year, and it is figured, after a very serious and marked curtailment of plans for betterments and equipments for 1919, that, in addition to that, there will be the need of \$491,000,000 worth of betterment, including equipment. I shall insert at this point a portion of the testimony of the Director General relative to equipment to be delivered in 1919:

For example, apart from this \$286,000,000, which represents equipment which the Railroad Administration ordered last year and which is to be delivered this year, it is estimated that the other capital expenditures during 1919, including the equipment, will be \$491,000,000. Now, of that amount \$109,000,000 represents equipment which the corporations themselves ordered prior to January 1, 1918, but which could not be delivered during 1918, on account of the delay in obtaining deliveries, and that will come along and be delivered in 1919.

The CHAIRMAN. And that is exclusive of the \$286,000,000 of equipment?

Mr. HINES. Yes. That could be definitely allocated, as I understand it. The CHAIRMAN. The importance of my inquiry lies in this: That the extent to which you may have good or bad debts will depend upon where this capital investment goes.

Mr. HINES. Yes. We estimate, roughly, that of this \$491,000,000 about \$201,000,000 will be for equipment, and that includes the \$109,000,000 which the corporations have already ordered. That equipment, generally speaking, will represent a good security, because it can be made the basis of exclusive security for the debt that is created to pay for it; the remaining \$290,000,000 for equipment would be, broadly speaking, in the same condition, although there may be a substantial part of that that would represent the rehabilitation of existing equipment. For example, where wooden cars would be given steel underframes in order to strengthen them and prolong their life; in that case the car was already covered by an equipment trust or by a mortgage, and it would not be any better security after this additional expenditure was made on it; but, broadly speaking, the \$201,000,000 for equipment would represent in itself a good and exclusive security to protect the loan.

The other \$290,000,000 would represent capital expenditures spread over the different companies, and so far we have not a reliable allocation of that, because the final authorities have not yet been passed upon, but in acting on that matter we are governed by the principle that we will not make expenditures now, under peace conditions, on a railroad company which can not give us good security, unless they are of an imperative character and in the public interest, but that represents on those roads that can not give good security a relatively small amount.

I received a letter the other day, a copy of a letter sent to the Director General, from one of these railway supplies associations in which they very seriously criticized what they seemed to think was the niggardly policy of the Government as to betterments for 1919. There are many people who believe that we ought at this time to go into a very large betterment program, having in mind the general industrial conditions of this country. Certainly there is more warrant, in my judgment, for undertaking to make expenditures in regard to betterments for the railroads now because of a broad governmental policy of giving employment generally to the people of America than for undertaking to build a lot of highways in remote sections of the country. Now, I am not undertaking to go into the question of how far the Government ought to undertake to stimulate business by making appropriations. My own opinion is that that is a pretty dangerous road to travel. I am not in favor of the Government, just for the sake of giving employment, undertaking to do various things unless those things have to be done. I think it is a time of economy for the Government and of individuals. I know of no way that the Government will pay its debt any more than an individual will pay his except by earning more than he spends. The people of America will get

rid of high prices, they will get rid of bonded debts, they will get rid of heavy taxation when they practice thrift as a people. You can not beat that into the heads of most men, and yet it is as old as the world itself. If we could borrow of France half her thrift, our governmental indebtedness would disappear so fast as to be a marvel of the age, but a lot of people think you can lift yourselves by your bootstraps, that by continuing to spend money you can reduce what the Government owes. My opinion is that the only justification for expending money for these betterments is not to give employment over the country but because the betterments are essential in order to operate the railroads, and that without the operation of the railroads you get stagnation and paralysis of the business of the country.

Now, that makes a total of outlay for 1919 of \$809,840,000. It is estimated that of that amount the sum of \$368,193,096 must be for the present financed by the Government, the difference of four hundred and forty-odd million dollars being looked upon as the extent to which the railroads can finance through private sources, and most of that must be met shortly during this year.

I will place in the Record at this point the financial statement for 1918 and 1919:

Financial statement for the year 1918.		
Requirements for 1918:		
Standard return	-----	\$928,314,372
Additions and betterments	-----	573,334,119
Advances to inland waterways	-----	4,361,486
Loan to New York, New Haven & Hartford	-----	51,475,000
Total	-----	1,557,484,977
Resources:		
Income from operation	-----	\$732,314,372
Deduct working capital as follows—	-----	
Cash	-----	\$247,100,000
Agents' and conductors' balances	-----	154,000,000
Credit for material and supplies	-----	100,000,000
	-----	501,100,000
Less outstanding current liabilities	-----	162,047,865
	-----	339,052,135
Income of companies applicable to additions and betterments	-----	214,211,190
Open account due companies, applicable to additions and betterments	-----	68,204,646
Revolving fund	-----	500,000,000
Appropriation required	-----	381,806,904
Total	-----	1,557,484,977
Net requirements:		
Additions and betterments	-----	290,918,283
Working capital	-----	339,052,135
Advances to inland waterways	-----	4,361,486
Loan to New York, New Haven & Hartford	-----	51,475,000
Operating deficit	-----	196,000,000
Total	-----	881,806,904
Appropriations:		
Revolving fund	-----	500,000,000
Additional appropriation requested	-----	381,806,904
Total	-----	881,806,904

Estimate of financial requirements for the year 1919.

Requirements.	Estimated expenditures.	Estimated amount which must be appropriated.
1. Expenditures contemplated on inland waterways	\$12,840,000	\$12,840,000
2. Financing Boston & Maine reorganization	20,000,000	20,000,000
3. Financing equipment ordered in 1918 and to be delivered in 1919	286,000,000	283,000,000
4. Financing other necessary capital expenditures for additions and betterments, including equipment	491,000,000	49,353,096
	800,840,000	368,193,096

SUMMARY FOR 1918 AND 1919.

Original appropriation	-----	\$500,000,000
Additional requirement for 1918	-----	381,806,904
Requirement for 1919	-----	368,193,096
Total	-----	1,250,000,000

Now, the gentleman from Texas, by his question of a few minutes ago, rather implied, I take it, that we might vote only \$381,000,000, hand the railroads back, and say, "We are done with a bad job of which we have made a bad mess." Well, I wish it were that simple, because I am just as anxious as the gentleman to get rid of the railroads and I will go as far during the few remaining days of my legislative life as he will

in that direction, but I do not believe that that is a possible thing now. I take it you can not turn the railroads back to their owners short of three or four months. It might be possible to do it by the 1st of July and most of these obligations will have to be met prior to that time.

I do not desire there shall be any more opposition against the return of the railroads than now exists. There are a whole lot of financial interests in America with investments that would be very glad to have the railroads never come back. To throw upon them immediately the burden of financing what they can not carry will be a very great argument against giving the railroads back, because they will say, "It is not possible to carry this load; it means absolute ruin." Now, another thing. We ought to press the railroads to do their financing through private interests, to make these betterments and to repay us as fast as possible. But do you believe you can serve notice on the railroads by failure to make this appropriation that they are expected to take care of the financing for 1919, when they have to go into a market at a time the Government is undertaking to float a liberty loan? That is the situation; that is what faces us, and that is the reason that the committee felt it was warranted in presenting the matter to the House with a favorable recommendation. Now, I may be all wrong in some of my conclusions. It may be that the railroads have a credit that I think they do not have and that they can immediately do the financing that would be involved if we did not make any part of this appropriation.

If gentlemen think that, I shall not quarrel with their judgment. I realize I am dealing with factors so huge, with matters about which I necessarily know so little, that my judgment is not to be taken as of any great weight. I was impressed, however, with the statement made by Mr. Hines and the statement made by the Secretary of the Treasury. Mr. Hines is one of the most intelligent witnesses that ever came before the Committee on Appropriations, and he showed a frankness and willingness to furnish us with information that was refreshing. If we did not get the information in these hearings that the Congress ought to have, it is because of the lack of grasp and knowledge of the great problem that the committee itself had and not because of any indisposition on the part of Mr. Hines and those associated with him to furnish that information. I shall incorporate at this point quotations from the testimony of the Secretary of the Treasury and the Director General upon this subject:

Secretary GLASS. Well, Mr. Chairman, there are two points of view as to the desirability of permitting the railroads to go in the open market right at this time to finance their necessities. One point of view is that the sooner we get back to the normal processes of effecting loans the better it will be for everybody concerned and for the Government. Ordinarily that would be the sound view; theoretically it is the sound view. But there are considerations which immediately relate themselves to the necessities of the Government, aside from the requirements of the railroads. While the railroads are doing their financing in the accustomed way, the operations of the Government may be badly disturbed. To begin with, there are a good many railroads that can not finance themselves under present conditions; those failing to finance themselves in the open market would go into the hands of receivers. That very fact would create a state of demoralization and of alarm that would reflect itself in the general business activities and would very seriously interfere with Government financing. It would be somewhat akin to the situation we frequently have in periods of depression when the mere failure of one or two large banking institutions precipitate a distressing situation throughout the country and affects communities and institutions that have no immediate connection with the business of the failed institutions.

Therefore, I say the failure of any number of these railroads to finance themselves—and that would be inevitable—would have an appreciable bad effect upon Government finances. It is true that to the extent the railroads are able to do their own financing through private sources, to that extent the Government would not be compelled to raise funds to help finance the railroads; but, as I have indicated, in the process of doing that they may cripple the Government's financial activities. Then, the question of the rate of interest at which the railroads may finance themselves enters into the question. If they have to pay a high rate of interest and commission, to that extent it demoralizes the market for the Government's financial activities and affects the rate at which the Government may finance itself; and while I appreciate that it is very desirable to get back into the normal ways of financing railroads, through private banking institutions, through private credits, it is not desirable to have the railroads at this particular time go into the open market for a loan aggregating nearly \$1,000,000,000. We are making a point to discountenance a great many enterprises seeking private bank credits.

The CHAIRMAN. It has appeared, incidentally to other matters, that most of the money which you calculate the Government will have to pay out will need to be paid very shortly—\$381,000,000 of it, representing the last calendar year's transactions, you need in order to fully meet the present program in connection with the payment of rentals?

Mr. HINES. Yes; and the settlements generally with the corporations for the calendar year 1918.

The CHAIRMAN. How rapidly do you expect to make those settlements?

Mr. HINES. My judgment is that within the next 60 days we will be confronted with demands from a large number of companies for settlements for the calendar year 1918. Under existing conditions I anticipate that contracts with the rest of the companies will be signed very rapidly, as all the details have been pretty well thrashed out, and as rapidly as these contracts are signed the companies with which the contracts are made will be seeking the earliest practicable settlement; so that my judgment is that not only a large number of the companies will be seeking settlements within the next 60 days, but that practically all the companies will be pressing for settlement within 90 days.

The CHAIRMAN. How do you pay these rentals—in quarterly payments?

Mr. HINES. The rentals are due quarterly according to the contract, but of course they do not become so due until the contract is signed; but under the contract they are due quarterly.

The CHAIRMAN. In point of fact, you have been making advances on account of rentals from time to time?

Mr. HINES. To a considerable extent; and that is all reflected in the figures which go to make up this net amount of \$381,000,000 due for 1918.

The CHAIRMAN. Now, how rapidly will you have to meet payments for the betterments that you have undertaken, and which involve additional expenditures that you figure on making out of this appropriation?

Mr. HINES. As to the equipment, \$286,000,000 for this year, that entire amount will probably be due and payable by the end of May, and it ought to be paid at the rate of about \$50,000,000 per month. On account of the present shortage in our cash, we have been able to pay but about \$25,000,000 in January, so that we are holding back bills that ought to be paid. The whole amount of \$286,000,000 ought to be paid by the month of June. Aside from that, there is the Boston & Maine \$20,000,000. I anticipate that that will be expected in order to close that reorganization within 30 days, or certainly within 60 days. The \$12,000,000 for inland waterways, I believe, will all be due and payable by the 1st of May, as it is expected that all of those units of equipment are to be ready for use by spring. In addition to that we have the current program for additions and betterment work that would run on the average throughout the year at the rate of about \$50,000,000 per month, although in the winter months it would probably be less than the average and in the summer months more. Of course, it is anticipated that to a considerable extent these expenditures will be taken care of out of surplus income and out of what the corporations can finance. Leaving aside that matter, I estimate that \$700,000,000 for the items I have mentioned for settlement of 1918, for the equipment which the Government has ordered, the Boston & Maine reorganization and the inland waterways equipment will all have to be paid within the first six months of this calendar year, and a very large part of the total within the first four months of the calendar year.

I repeat, the committee believes this appropriation ought to be made; that by making it we will do much to stabilize the credits of the railroads in America; that we will enable them more surely and more certainly to finance to the extent of something under \$500,000,000 that this program looks to, and at the end of the year and in the early part of next year to make such additional financing through private agencies as to enable them to pay back to the Government the money we have advanced.

Just one other word. One of the factors that makes necessary the doing of this is the failure of the Government to determine what it is going to do about the railroads. You are not going to get any stable credit in connection with railroads as long as nobody knows what on earth is going to happen to them. The Congress owes it to itself, it owes it to the Nation, to legislate definitely upon the railroad problem.

Mr. RAYBURN. Will the gentleman permit me to ask him a question?

Mr. SHERLEY. Certainly.

Mr. RAYBURN. I know it will be subject to a point of order, but what does the gentleman think of an amendment which I intend to offer, that says Government control shall terminate on January 1, 1920? I think, along with the gentleman, that one of the most important things that this Congress can do is, at the earliest moment possible, to set a definite time at which the railroads shall go back to private control, if they are going back. Then, with the legislation that is necessary to work to that point, they would be put on notice and everybody would be put on notice with reference to that matter.

Mr. SHERLEY. Of course, the gentleman will appreciate that the private view of an individual Member and his legislative view as a Member in charge of a bill may be two different things. So I am not prepared in any way to suggest that I will not undertake to protect this bill against any amendment that is contrary to the rules of the House.

And I desire to say another thing in this connection, and that is this: I think it is important to pass this bill. We have not many days left. I would not like to make the passage of the bill more difficult by making more easy those kinds of discussion that frequently do not result in celerity of action.

Mr. RAYBURN. One of the reasons why I made the statement that I did to the gentleman is this: I think that if the Government control runs for the 21 months after peace is formally proclaimed we probably by that time could save millions of dollars in railroad operation and control. I understand a Member of another body has a bill introduced to the effect that

the railroads shall not be turned back until the expiration of 21 months, and has served notice that unless that is adopted there will be no legislation.

Mr. SHERLEY. Of course, I am not responsible for that gentleman's action or for what Congress does. But I say this to the gentleman, that in my judgment Congress is bound to meet in extra session some months ahead of the 1st of July. Other men may not share that view, but I have never doubted it for many, many, many weeks, and I think when it does meet it ought to be able to legislate on this matter by the early summer. And it ought to fix the time for turning over the railroads, and it would be fortunate if coincident with that time there was had that legislation which may be thought necessary in order to properly provide for successful private ownership and management with due regard to the rights of the shipping public.

Now, if the committee please, I apologize for having spoken as long as I have. If there is any particular matter about which individual Members desire to ask me, I will be glad to answer. If not, I shall yield the floor, hoping to have the privilege, if necessary, to make a very short rejoinder at the close of the debate. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise.

Mr. GREEN of Iowa. I ask for recognition, unless some member of the Committee on Interstate and Foreign Commerce wishes to take the floor or unless the gentleman from Illinois [Mr. CANNON], whom we always like to hear, wishes to take the floor.

Mr. SIMS. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by printing as a part of same an address of former Commissioner Prouty covering some of the subject which the gentleman from Kentucky [Mr. SHERLEY] has so ably discussed to-day.

The CHAIRMAN. The gentleman from Tennessee [Mr. SIMS] asks unanimous consent to extend his remarks in the RECORD as indicated. Is there objection.

Mr. DYER. Reserving the right to object, has that already been published by the Government?

Mr. SIMS. Oh, no; not that I am aware of. It is an address delivered by former Commissioner Prouty in Atlanta, Ga., some time since. He has had charge in part of the railway administration of the Government, and the address is very illuminating. That which he gives are facts and not simply conclusions, and which relate in part to the New England railroads—the Boston & Maine and others.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent to extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none. The gentleman from Illinois [Mr. CANNON] is recognized for one hour.

Mr. CANNON. Mr. Chairman, I do not propose to take much of that hour.

I listened with great interest to the presentation made by the gentleman from Kentucky [Mr. SHERLEY] of the proposed legislation. It was done more intelligently than I could cover the subject, and he has substantially covered all the ground upon which this appropriation is recommended. Of course, I might wander off in an hour, inasmuch as we are in general debate, and attempt to talk from the political standpoint, but I am not going to do it. I do not see that any good would come of it. I might throw a wedge into the machinery on the conduct of affairs from my standpoint. Somebody else might throw another one from another standpoint. But what good could come of it touching this matter in the closing days of the session? It is not so much what has been done, it is not so much the theory as to what ought to be done, but it is the condition that confronts us now touching this \$750,000,000 recommended to be appropriated. It is not a theory.

Mr. JUUL. Mr. Chairman, will the gentleman yield for a question?

Mr. CANNON. Certainly.

Mr. JUUL. I want to ask the gentleman if this \$750,000,000 which we are asked to appropriate in this bill, in addition to the \$500,000,000 already appropriated under section 6 of the original act, making a total of \$1,250,000,000—if that is the Nation's cost for its first experiment in railroad management, or is there any more that we do not know about?

Mr. CANNON. I do not know of anything more up to this time. I am not a prophet nor the son of a prophet, but if railroad ownership is to be in the Government, conducted by the Government, it will not remain under the control of the Government by my vote. [Applause.]

Mr. JUUL. Would the gentleman kindly tell me and other gentlemen on the floor here how this \$1,250,000,000 compares

with the total expenses of the entire cost of the Government during the years that the gentleman was Speaker of this House?

Mr. CANNON. Oh, well, I think there has been no year since I have been a Member of the House of Representatives, except perhaps for a year when we were at war with Spain, where the appropriations for one year have ever amounted to \$1,250,000,000. I recollect very well in the Fifty-first Congress, when Thomas B. Reed was Speaker of the House, one of the principal protests that was made against the Republican Party, being continued in power was that the appropriations had mounted up to \$500,000,000 for the first session, making a billion-dollar Congress when it expired. Speaker Reed replied to it in a single sentence and said, "This is a billion-dollar country." Since that time in normal times the appropriations of a Congress have amounted to over \$2,000,000,000. I am not criticizing, and I am not going to be switched off from the consideration of this bill to a discussion of that subject. It is not worth while for me to discuss it. The hearings on this bill are not very extensive. I trust gentlemen have read them. If I were to stand here for an hour or two hours, and had the ability, I could not improve on the able presentation made by the gentleman from Kentucky [Mr. SHERLEY], and I am not going to try.

Mr. DENISON. Mr. Chairman, will the gentleman yield for a question?

Mr. CANNON. Certainly.

Mr. DENISON. I would like to ask it in order to get a little information, so that I would know how to vote on the subject.

Mr. CANNON. Very well.

Mr. DENISON. I want to ask this question of my colleague: Is there anything in this appropriation which, if we vote for it and carry it out and make the appropriation, can afterwards be used in any way as a hammer or an argument in favor of our going ahead and continuing to operate the railroads?

Mr. CANNON. In favor of?

Mr. DENISON. The Government continuing the operation.

Mr. CANNON. I do not think there is anything in this bill that would constitute an argument in favor of Government ownership.

Mr. DENISON. Very well.

Mr. CANNON. On the contrary, I think the bill itself, connected with all that has been done, is a very strong argument against Government ownership. [Applause.]

Mr. DENISON. I have another question in mind, if my colleague will yield further.

Mr. CANNON. Yes.

Mr. DENISON. By voting for this appropriation we will not thereby be doing anything that will commit the Congress hereafter to Government ownership.

Mr. CANNON. That is, we will not be estopped from opposing Government ownership?

Mr. DENISON. Yes.

Mr. CANNON. In my judgment, no.

Mr. GORDON. Mr. Chairman, will the gentleman yield to me?

Mr. CANNON. Yes.

Mr. GORDON. Unfortunately, I was not able to hear the argument of the gentleman from Kentucky [Mr. SHERLEY], and I have not had a chance to read these hearings. Do I understand this \$750,000,000 which the Government proposes to give to the railroads is supposed to represent the loss incurred by Government control?

Mr. CANNON. Oh, no.

Mr. GORDON. I understood that in the gentleman's answer to the question of the gentleman from Illinois [Mr. JUUL].

Mr. CANNON. The \$500,000,000 was appropriated before, you know, as a revolving fund, and this makes \$750,000,000 in addition to that.

Mr. GORDON. It is not intended to make up any deficiency or loss from Government ownership, then?

Mr. CANNON. Oh, well, that is as a man may think. I will state again that in my judgment Government ownership will beget great trouble, and therefore I am against it.

Mr. GORDON. I understand that; but I thought the gentleman was using this as an argument against Government ownership. I am not committed to Government ownership of railroads myself, but I would like to know whether or not it is correct to say that the \$750,000,000, or any part of it, is for the purpose of paying for any deficiency arising from the Government's operation of railroads?

Mr. CANNON. You may have your opinion about it and I have mine. But I wanted to say that I am not going into that question, and with a single sentence I will proceed to talk about this bill for a few minutes from another standpoint. I think there has been a large expenditure made under stress in hiring

people to be good, an expenditure that was unnecessary, and that explains in large part this deficiency bill. But what is the use in talking about that now? I might talk all this afternoon with my limited knowledge about what has happened, and what has happened in connection with railroads, and what has happened in connection with shipbuilding, and happened in connection with strikes, and what has happened in connection with paying \$10 to \$14 a day of eight hours and time and half time for over eight hours in some of the Government activities. There is plenty of time to talk about that. One of my very sincere regrets is that the gentleman from Ohio is not to be in the next Congress to help us talk about these things when we post books a little later on. [Applause.]

I listened to the Director General, Mr. Hines, with great interest. I indorse what the gentleman from Kentucky [Mr. SHERLEY] has said about him. He is fair and able. And I listened to our late colleague, the Secretary of the Treasury, a quiet, modest man, who rarely lifts his voice as loud as I do when I forget myself and yell. He is a pretty level-headed man. At times I have thought that if he had lived up in Illinois or Wisconsin, he with his industry and good judgment would have been a very valuable asset to the Republican Party. But he lived down in Virginia. He is still Carter Glass, and now Secretary of the Treasury, and, in my judgment, his selection to that great office was a very happy one. [Applause.] Now, he came before the committee. I am not going to read what he said, but he thought it was absolutely vital that a few of the railroads that might be able to do their own financing and pay their regular dividends and fixed charges should not go onto the market in competition with the United States Government. When the Government of the United States would be placing on the market a 4½ or a 4¼ per cent Government bond, or whatever the rate might be, under legislation that I trust we will enact before this Congress adjourns, he did not want to be placed in contact with the demoralization that would come if we failed to keep the pledge that we gave in the Army act which authorized the President to take over the railroads and that the Government should pay for the use of the railroads, which, I believe, is called a rental, the average dividend for the three prewar years.

Mr. WELLING. The standard return.

Mr. CANNON. The standard return. Of course, if they can not pay their fixed charges, there will be receiverships; and if the strong roads should go into the hands of receivers, what would become of the smaller roads? I hold no brief for the railroads, or for their stockholders, although the savings banks and the trust estates and the many people who own the bonds of the railroads in small quantities or in larger quantities, as the case may be, have had the purchasing power of their securities reduced one-half since this war began. Why, your salaries have been reduced one-half since the war began, I mean in a purchasing capacity. There would be hell to pay and no pitch hot if we should make our salaries \$15,000 a year, and yet \$15,000 will not buy as much as \$7,500 would have bought when this war began. And so it runs.

Mr. JUUL. Will my colleague yield? I understand my colleague was a member of the subcommittee?

Mr. CANNON. Yes.

Mr. JUUL. I want to know from my colleague whether the condition shown by this bill is to continue to be the normal condition? We took over the railroads in January, 1918. We have been running them 12 or 13 months, and it is necessary to come to the aid of the railroads with \$1,250,000,000. Is that correct?

Mr. CANNON. When that legislation was first enacted we came to their aid \$500,000,000.

Mr. JUUL. Now, if the gentleman will permit me, will it be necessary in the future to come to the aid of the railroads to the tune of \$100,000,000 a month in order to manage the roads? Is this just during the stress of war, or will this continue?

Mr. CANNON. Well, the mother church says that when you die and stop in purgatory they can get you out, but that when you get into hell there is no escape. [Laughter.] Now, I believe that this bill should pass, with any legislation necessary to be enacted before this Congress expires on the 4th of March next, and so far as I am concerned I feel that I will not take the time of the House longer to speak on the bill.

I yield to my friend from Michigan [Mr. SMITH] five minutes.

Mr. SMITH of Michigan. Mr. Chairman, I expect to vote for this bill, because we must not repudiate our obligations under the law taking over the railroads. But that does not signify what I would do or how I would vote on Government ownership of railroads. I am sure we are all interested in knowing the sentiment of our neighboring cities, and we will all be pleased to know the sentiment of the chamber of commerce of the city

so ably represented here by the gentleman from Philadelphia [Mr. MOORE of Pennsylvania]. I see he is not present in the room, and I do not know how this letter which I hold in my hand came to be sent to me. By special request, I am asked to present it to the House.

At the present time I would not vote for Government ownership of the railroads. My personal opinion has been that the Government ownership of railroads is not conducive to the best interests of the people of the United States. I think that under Government ownership we have had poorer service and higher rates, both freight and passenger, and I do not believe we would have had as poor service if the rates had been increased under private ownership as much as they have been increased under public control. Of course I am aware that there has been an emergency.

Mr. GORDON. Will the gentleman yield?

Mr. SMITH of Michigan. Yes.

Mr. GORDON. Do you think the increase of rates made the service worse?

Mr. SMITH of Michigan. Yes; just what happened after rates were increased.

Mr. GORDON. Then we ought to put them down.

Mr. SMITH of Michigan. That is what I am for. I think that helped to do it. Does not the gentleman think that the food in the dining cars has been poorer since the Government has been in control?

Mr. GORDON. The railroads were taken over because they had broken down and ceased to function.

Mr. SMITH of Michigan. Oh, no. More trains were functioning under private ownership than are now functioning under Federal control.

Mr. GORDON. That is a matter of history. It is only a year ago.

Mr. SMITH of Michigan. I would beg to differ with the gentleman in that respect.

Mr. GORDON. Now, if they stopped running under private ownership because their rates were not high enough—

Mr. SMITH of Michigan. Who said that?

Mr. GORDON. I understood you to say that just now.

Mr. SMITH of Michigan. Oh, no; do not misunderstand me. I said if we had increased the passenger and freight rates under private ownership as much as we have increased the rates under Federal control, there is no question in my mind that the skilled men who were trained and experienced in railroad affairs could have continued to manage those railroads and could have provided us with better service than we are receiving now. I will say further to the gentleman that the service by the railroads we have had under Federal control has not been such as to recommend Government ownership of railroads to the country.

Mr. GORDON. It has been worse than it was under private control, hasn't it?

Mr. SMITH of Michigan. I think it has.

Mr. GORDON. Of course, and we have raised the rates.

Mr. SMITH of Michigan. Why, certainly.

Mr. GORDON. And the raise of rates, therefore, made the service bad.

Mr. SMITH of Michigan. That is the way it has come out. We certainly raised the rates, and, as surely, we have not had better or as good service. Does anyone deny that? Now, Mr. Chairman, I voted to take over the railroads, as a war emergency, and I would have voted every dollar necessary. We voted the man power of our country, as well as all its resources, to whip Germany and to win this war. I did it willingly; but now that the emergency is over, unless a new emergency arises, I am for putting the roads back just as soon as we can, unless it can be proven to me that it is better to keep them under Federal control, and I do not think it can be. I am not so hidebound that I would not change my opinion if it was proven to me that Government ownership or Federal control was better than private ownership or private control.

The cost of the war has greatly increased our public debt. I would not vote now, and I do not think that we should purchase the railroads and increase our public debt by \$20,000,000,000. The interest on which sum, at 5 per cent, would be another \$1,000,000,000 annually. I say that the experience which we have gone through is not such as to recommend Government ownership of railroads. I ask that the letter be read.

The Clerk read as follows:

PHILADELPHIA CHAMBER OF COMMERCE,
Philadelphia, February 13, 1919.

Hon. J. M. C. SMITH,
House of Representatives, Washington, D. C.

DEAR SIR: I give you herewith copy of resolution adopted at the meeting of the executive committee of the Philadelphia Chamber of Commerce held on February 4:

"Whereas the Philadelphia Chamber of Commerce believes that the principle of Government ownership, control, or operation is not in accord with the principles of democracy; and
 "Whereas during the war emergency the application of the theory of Government control was enforced for the general good; and
 "Whereas the emergency created by the war having ceased with the signing of the armistice: Now, therefore, be it
 "Resolved, That the Philadelphia Chamber of Commerce records its strong disapproval of the continued exercise of Government control or operation of public utilities, and particularly the continued control of the mediums of wire communication in this country."

Will you please be good enough to present our views to the House of Representatives?

Trusting that we may have your cooperation,
 Yours, truly,

N. B. KELLY,
 General Secretary.

Mr. CANNON. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. Wood].

Mr. WOOD of Indiana. Mr. Chairman and gentlemen of the committee, as a member of the Appropriations Committee I voted for a favorable report of this measure. I will likewise vote for its passage, and very briefly I wish to give some of the reasons that actuate me in doing so.

If this money is not appropriated it might result very disastrously, not only to the railroads of this country but to every business interest in the country. If this money is not appropriated it must of necessity prevent the Government from paying to the railroad owners what it has agreed to pay under the contract entered into with them, when the railroads were taken over. If the Government should fail to keep its contract and fail to pay what it owes the railroad owners, the railroads in turn must of necessity make default in paying their interest charge. That, to my mind, will be a very disastrous thing to occur. It might precipitate a panic in this country. Panics have been precipitated with far less cause in times past, and the conditions of the business world to-day are such that, in my opinion, every safeguard should be taken to prevent the possible occurrence of a panic. While I expect to vote for this measure for the reasons I have assigned, solely, I wish at this time to emphasize the thought that was suggested by the chairman [Mr. SHERLEY] of the necessity of this Congress at the earliest possible moment enacting some law whereby the future of these railroads is to be determined. And, in my opinion, that law should be enacted at the earliest possible moment which will turn these properties back to their original owners. [Applause.]

To my mind this bill of itself is a living monument to the utter fallacy and futility of Government ownership and Government operation. Some one has asked how much of the seven hundred and fifty millions, or the total of one thousand two hundred and fifty millions, which will have been appropriated if this bill is passed, means a deficit resulting from Government operation of the railroads. No one can ever know. It is absolutely impossible to figure out the intricacies of the manipulation of all the railroads, the hodgepodge into which they have been placed, but I think it is safe to say that \$300,000,000 of this sum is lost to the Government of the United States, as compared to what would have been had the railroads been continued under the operation of men who were trained in the conduct of that service.

The reports in this case disclose the fact that the war had progressed about four months before the operation of the roads was actually taken over by the Government. While that is literally true, during that four months of time the Government, while not physically operating the roads, was directing their operation, and in accord with that direction the congestion that occurred throughout this country resulted not only in much loss of time, much loss of transportation, but much loss of money, which is directly attributable and traceable to the direction that came from the administration here in Washington.

There was congestion on the railroad tracks in Philadelphia, there was congestion on the tracks at Jersey City, on all the tracks adjacent to New York City, with all kinds of freight, perishable and otherwise, all bound for exportation from the docks in the city of New York, while the docks in Philadelphia, whose tracks were congested with goods bound for New York, were practically idle. The docks at Baltimore were idle, the docks at Galveston were idle, the docks in South Carolina were idle. So, if you please, a great amount of this loss which was attributable to the administration of these roads never would have occurred if it had been left to the men who knew how to control railroads. That is but a sample of the operation of Government control.

Mr. DECKER. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. DECKER. Has the gentleman given time to the thought that the reason why the Government, after it took control of the railroads, after we entered the war, diverted so much traffic

and concentrated it through the port of New York. I refer to the danger of submarines and of taking that route from the standpoint of safety.

Mr. WOOD of Indiana. There has never been any explanation given to me of that kind.

Mr. DECKER. There was before our committee.

Mr. WOOD of Indiana. I do know that when the Philadelphia papers and the papers of the South began to point out that the docks in their respective cities were idle and that transportation there could be had more expeditiously, they began to divert it, and that was what relieved the congestion.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. GREEN of Iowa. The Government sent transports to Newport News and transported men, and certainly live freight was as valuable as dead freight.

Mr. WOOD of Indiana. Yes; exactly so.

Mr. DECKER. I would like to call attention to the fact that I think it hardly fair to say that that is what relieved the congestion. The evidence before our committee, when the subject was considered, was that the congestion was due to the lack of storage facilities in the terminals at New York, and that after we built the terminals it relieved the congestion and the traffic was greater than it was before.

Mr. WOOD of Indiana. There was no attempt at storing these goods. They were left stored, if you please, in the freight cars. They were left stored on the sidetracks, thousands and thousands of them, when the sidetracks adjacent to these other places were idle.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. SNYDER. I think the gentleman has also overlooked the further fact in the control of the railroads by the Railroad Director of Mr. Garfield's order, which shut down the entire country for various days during that period. That ought not to be lost sight of.

Mr. WOOD of Indiana. That is true.

Mr. CLEARY. Mr. Chairman, if the gentleman will permit, I think the reason the stuff was all sent to New York—that is, too much of it—was because nearly all of these great lines run to New York, and there are so many steamship lines running out of New York. The expectation was that they would get better transportation, because there is where the ships nearly all left. I think that is the reason.

Mr. WOOD of Indiana. That may be true, but good management would have directed that they be diverted to these other places, and they were afterwards diverted, and the congestion was thus relieved.

There is another thing that I think points a moral in this business, and it is well to advert to it at this time. The railroads of the country for years have been appearing before the Interstate Commerce Commission trying to get a raise in freight rates. They were telling the authorities that it was impossible for them to conduct their railroads and keep up their overhead charges and pay the constantly increasing wages and pay the constantly increasing price of building material and live, and yet they were turned down repeatedly and were never given the raise that they asked. They said to the public that if the Interstate Commerce Commission would give them an additional 15 per cent freight rate they would run the business of the country and conduct the railroads without asking a single cent or raise in the passenger traffic or any other additional pay. That was denied them, but immediately when these railroads were taken over by the Government the freight rates were not only raised 15 per cent, but they were raised 25, 75, and as high as 125 per cent, and in addition to that the passenger rates were raised almost 100 per cent.

Mr. SMITH of Michigan. And they were given \$500,000,000 besides.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. WOOD of Indiana. Mr. Chairman, I would like to have a couple of minutes more, at least.

Mr. CANNON. I have apportioned all of my time, but I yield the gentleman two minutes more.

Mr. SWITZER. Mr. Chairman, if the gentleman will permit, I desire to cite the case of a reputable manufacturer of pig iron in my district who had to store \$70,000 worth of iron ore at Toledo through the winter. He had been paying 10 cents a ton for the transfer of ore from the ship to the car and the storage. The Interstate Commerce Commission cut it to 8 cents, and now he pays 40 cents for the same service.

Mr. WOOD of Indiana. These examples might be multiplied without limitation, all going to show that the practical operation of railroads under Government control demonstrates but

one fact, as to which there can be no dispute, and that is that the Government's operation of railroads in this country, like its operation of anything else it undertakes, is a most expensive luxury. The Government can not operate anything within 25 to 50 per cent as efficiently both as to cost and conduct as a private individual can do it. If you wish additional illustrations of that, then I advise gentlemen to go about this town, where Government ownership is operating to-day in the construction of public buildings and otherwise. It would simply astound those who have not already seen it to discover not only the waste of time but the waste of money and the waste of energy. They are timeservers, from the boss to the lowest mechanic, and that same degree of indifference has already taken possession of those who are operating the railroads, from the section man up to the highest official. When the Government undertakes to operate anything it seems those in its employ think they are simply appointed to draw their salaries and do as little service as it is possible for them to do, and the sooner we get rid of the whole business the better for the country and all concerned. [Applause.]

By unanimous consent, Mr. Wood of Indiana was granted leave to extend his remarks in the Record.

Mr. CANNON. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. GREEN.]

Mr. GREEN of Iowa. Mr. Chairman, I do not propose at this time to discuss the much vexed question of Government ownership. I do wish, however, to say a few words with reference to the management of the railroads since they have come under Government control, regardless of the merits of that particular question. The management of Mr. McAdoo has been heralded as a great success and proclaimed as such in all of the Government's advertising periodicals, and, as gentlemen well know, they are very numerous. There are some of us who have our doubts about this matter, to put it mildly. Mr. McAdoo raised the rates from 25 to 200 per cent. He delayed freight to an extent that never would have been endured for a moment under private management. He took off trains and jammed passengers into cars as though they had been live stock and he wound up with a deficit of over \$200,000,000. After having given this remarkable display of efficiency, Mr. McAdoo, as we all know, resigned his position, saying that the salary was too small. Possibly it was, as salaries go, taking into consideration all the Government positions which he held, and yet I am inclined to think we could have gotten this kind of a result even cheaper. [Laughter and applause.]

Let us for a few moments consider what this management has been and how it originated. Gentlemen have intimated that the Government ownership came about because the railroads ceased to function. I am inclined to think that there is a grain of truth in that remark. They ceased to function, however, largely because of the persistent interference by the Government, not merely in regard to rates, but in respect to the movements of freight.

Whenever a little petty Government agent could put a tag on a car so that it would be specially routed to whatever point he wanted it to go, the directions had to be followed to the exclusion of all other freight, and the result was that the cars were jammed into New York, regardless of whether there was any way of getting them out of there, until the tracks were in such condition that freight could not be expedited over the country at large. It was the same everywhere, and as a result, something had to be done, and something was done, as I have related. Was it any improvement upon private management? I shall not discuss that. I shall only say that we know what happened. The Government took over the railroads, and now we are paying the fiddler to the tune of over a billion of dollars, some of which we may get back, but much of which, I fear, we will never see again.

We know about these advances in rates, we know about the delays in freight, we know how trains were taken off, we know there is a deficit of \$200,000,000, and now the gentleman from Kentucky comes and says—and I wish I had his optimism—that probably we will not lose anything the next year. Yet, the expenses in last December, and that is the latest month, I think, we have any account of, were \$136,000,000 over what they were in December, 1917. We have to go back there to make a comparison.

Mr. DECKER. Will the gentleman yield?

Mr. GREEN of Iowa. I have only five minutes; if I could get more time I would yield to the gentleman.

Mr. DECKER. What does the gentleman estimate is the increase in the cost of material and labor in those respective months?

Mr. GREEN of Iowa. Well, the cost was very much larger, and I intended to make a more complete statement for the rea-

son that some back wages were paid in the month of December, and that is one thing which made the increase very large. There was a large increase in the price of material and cost of labor, but what I wanted to call to the attention of the committee was that the gentleman from Kentucky seems to think that all matters were going to be better next year. On the contrary, we have every indication that they will be worse. Railroad traffic has been falling off right along. For that matter there never was a time when the railroads could be operated so profitably as they could during the war.

Mr. SHERLEY. If the gentleman will permit, I made no personal prophecy. I stated the testimony that in the next five and a half months there would probably be a falling off, and in the balance of the year, which is always a heavy freight-moving time, the traffic as great as they now contemplate it will be, that we would probably break even, but I personally made no prophecy touching the matter.

Mr. GREEN of Iowa. The gentleman certainly does not get any encouragement from the result in December, which he says is one of the heavy—

Mr. SHERLEY. No; but it is only fair to say this: That December was too close to the war conditions to bring about these economies in the reduction of operation, but in January they will show a great falling off in cost, and it is expected that February will show a further reduction in operating expense.

Mr. GREEN of Iowa. There again my friend is much more sanguine than I am. I see no reason why the cost should fall off except in this way, that the freight traffic has fallen off and the passenger traffic is falling off, and probably will continue. Then, of course, there will be a lessening of expenses, but let us be fair—

Mr. SHERLEY rose.

Mr. GREEN of Iowa. I hope my friend will pardon me. If he can get me more time, I will gladly yield, but with the few minutes I have I can not. I want to state right here what I started to say before my time expires. The gentleman from Kentucky gives as a reason why we should appropriate this enormous sum, which totals over \$1,000,000,000 for the two years that the railroads expended heretofore, something like \$1,000,000,000 for maintenance of way and equipment each year. As I remember, he spoke of last year, 1918. Now, it is a fact that for 1916 and 1917 they expended each year about \$1,000,000,000 for maintenance of way and equipment, a little over \$1,000,000,000 for 1917 and a little less for 1916.

Mr. MANN. Maintenance or improvement?

Mr. GREEN of Iowa. Maintenance of way and equipment. I am not speaking now solely of permanent benefits. As a result, they showed for the years 1916 and 1917 as a net operating income, after all of those expenses have been taken out, except, of course, interest on debt and such matters as that, \$971,707,800 for 1917 and something over \$1,102,383,000 for 1916.

Mr. SHERLEY. I made no statement in connection with maintenance. I was speaking of capital investment.

Mr. GREEN of Iowa. Let me correct my friend, then, because his figures are altogether too large. There is no such amount of capital investment as he stated.

Mr. SHERLEY. If the gentleman will turn to the hearings, I can show the tables of the Interstate Commerce Commission as to the annual amount for the past 10 years that has been made in the way of capital investment by the railroads of America.

Mr. GREEN of Iowa. I have the figures right before me, in my hand. It is impossible in 10 minutes to go into a discussion of these matters. What I want to come to when I really got beside the point was this: They now want \$750,000,000 at this time in order to carry on the railroads in the condition they are in, and they state it is to be used in a large amount for equipment and permanent investment; \$286,000,000 equipment which was bought in 1918 to be delivered in 1919, and other capital expenditures—\$491,000,000—but in 1916 and 1917 the railroads paid for those things and paid their dividends besides. It is true that the amounts to be expended now are somewhat larger, but no very great amount larger, and I can not see the reason why such an enormous sum should be provided in this bill, and I do not believe that the Government will ever get a large portion of this money back.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Could the gentleman possibly let me have five minutes?

Mr. CANNON. My time is entirely exhausted.

Mr. SHERLEY. Mr. Chairman, I would ask unanimous consent that the gentleman from Illinois have whatever additional time he wishes.

Mr. CANNON. I do not desire any further time except time to yield to gentlemen.

Mr. SHERLEY. I suggest the gentleman from Illinois take an hour's additional time and then he can distribute it.

Mr. GREEN of Iowa. I would like to have at least five minutes more.

Mr. SHERLEY. I would suggest the gentleman from Illinois be recognized for an additional hour.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that the time of the gentleman from Illinois be extended for one hour. Is there objection? [After a pause.] The Chair hears none.

Mr. CANNON. I yield five minutes' additional to the gentleman from Iowa.

Mr. LONGWORTH. Will the gentleman yield for a question?

Mr. GREEN of Iowa. Yes.

Mr. LONGWORTH. The gentleman has referred to the net losses alone, not of operating expenses, of some \$200,000,000. Can the gentleman state how that was effected, on the one hand, by additional revenues from increased cost and, on the other, by additional expense by reason of increased wages?

Mr. GREEN of Iowa. I have not those figures at hand, so I can give the exact amount.

Mr. LONGWORTH. The reason I asked the gentleman was that if he did not have that I would be glad if the gentleman from Kentucky would state it.

Mr. SHERLEY. The amount of increase as the result of wage was \$583,552,000. The increase in receipts as the result of increase of rate was \$560,504,530.

Mr. LONGWORTH. So that the two about balance each other?

Mr. GREEN of Iowa. Yes; if that is what the gentleman was coming to.

Mr. LONGWORTH. So it can not be said that the increase in wages was responsible in any degree for the loss in the operation of the roads?

Mr. DECKER. That depends on whether you take into consideration that the increase in rates was for 6 months and wages for 12 months.

Mr. LONGWORTH. And you can not lay the loss in operation either to the wages, on one hand, or increased expenditures, on the other?

Mr. DECKER. It is not fair to compare increase of rates for 6 months with the increase of wages for 12 months.

Mr. GREEN of Iowa. I wish to show some of these figures, and I wish we had more details.

Consider the figures for equipment. Do the railroads want all this equipment? Was it ordered at the request of the railroads? No. A considerable portion of it was ordered over the protest of the railroads. They did not want it contracted for. That was notably the case in reference to locomotives, where an unsuitable kind was in many cases ordered, and also with freight cars for the Southern Pacific Railway, which the railway was building about 50 per cent cheaper than the Government administration was paying for them. The large railroads would have preferred in many cases to do their own buying and pay for the equipment themselves. But the Railroad Administration would not let them do it. That is the way you get these figures mounting up in this kind of style. It seems as though there has been a perfect craze to expend money here in Washington, and as soon as anybody gets down here he is bitten by that "bug" as to expending the money.

Mr. SHERLEY. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. SHERLEY. Does the gentleman think an investment in capital account for the two years at a rate averaging about \$675,000,000 in view of the present costs is high?

Mr. GREEN of Iowa. Well, it is hard to say.

Mr. SHERLEY. Well, the gentleman needs to say if he is going to draw a conclusion.

Mr. GREEN of Iowa. I am drawing the conclusion that we ought to use our money in the best manner possible and not make expenditures that are not necessary.

Mr. SHERLEY. But the gentleman was leading the House to believe that there had been a perfect saturnalia of expenditures in regard to equipment. I submitted figures that showed for the 10 years previous the annual investment in regard to capital account was something over \$560,000,000 annually, and for the two years 1918 and 1919 it will be \$675,000,000. It was \$566,000,000 annually for the 10 years previous. Now, compare \$675,000,000 with \$566,000,000, having in mind what a dollar will purchase, and I submit to him as a practical fact that the investment in capital outlay is less than the average of the 10 years before.

Mr. GREEN of Iowa. Well, I submit to the gentleman in turn that no conclusion whatever can be derived from his figures, because he does not take into consideration what the railroads themselves spent in making the total amount that is expended for capital purposes.

Mr. SHERLEY. The gentleman is simply mistaken in his facts. The figures I gave him as to expenditures of last year and this year include everything that was expended in connection with the railroads in capital account.

Mr. GREEN of Iowa. Does the gentleman tell me he has the figures complete for last year for capital expenditure? I would like to know where he got them.

Mr. SHERLEY. I do not mean to say that I have them to the penny, but I mean to say that the testimony before the committee, and it was available to the gentleman, shows there was an expenditure last year in capital account of \$573,000,000, in round numbers. That is what I mean to tell the gentleman. I have no objection to any conclusion, but I am trying to keep the House straight on the facts.

Mr. GREEN of Iowa. I think the gentleman undoubtedly is making that endeavor, but I do not think he is succeeding very well.

Mr. SHERLEY. That may be.

Mr. GREEN of Iowa. The gentleman is quoting, as I understand, from round figures given by somebody in the hearings.

Mr. SHERLEY. I submit that in the absence of better evidence we are warranted in taking the statements of Mr. Hines as to what the records show as to expenditure. If the gentleman means either to imply that Mr. Hines does not know or willfully misrepresented, all right. I found him well informed.

Mr. GREEN of Iowa. I doubt whether anybody was in position at the time the gentleman had his hearing to give those figures very accurately.

Mr. SHERLEY. As to the figures for the past 10 years, they are from the Interstate Commerce Commission, and he will find the statement in the Record for each year.

Mr. GREEN of Iowa. Yes. I have the estimate, but we do not get anywhere from that at all.

Now, Mr. Chairman, as I have stated, the railroads spent in 1916 and 1917 for each year about \$1,000,000 for maintenance of way, including structures, and for equipment. After making this expenditure they still had left as net operating revenue about \$1,000,000,000 for each year. Now, we find that the Government is expending over half a billion each year (1918 and 1919) on the railroads and only a little more is being put into maintenance and equipment than before, so far as I can ascertain. I know of no place where the correct figures for 1918 can be obtained.

I do not care what the figures for capital expenses are, concerning which the gentleman from Kentucky has said so much. They are only estimates anyway, and for that reason are not included in any railway reports. The Interstate Commerce Commission, of course, can make a better estimate than I can, but it has nothing to do with the question before us, which is not whether too much was spent last year in keeping up the railroads, for no one claims that, although many claim it was not spent in the right way, but whether too much of the people's money has been spent for that purpose and whether too much is likely to be spent under this bill. I claim that this bill carries at least \$200,000,000 too much, and if I had time would undertake to prove it; but as usual, when hundreds of millions are to be appropriated to be spent by this administration, the bill must be jammed through with no real opportunity for debate. We will try to amend it, but I assume the amendments will be voted down. Then we will have to take our choice between letting the railroads break down while in the hands of the Government or voting for the bill. As between the devil and the deep sea, I shall take to the sea and vote for the bill.

Mr. SHERLEY. Mr. Chairman, I ask that the gentleman from Illinois yield to the gentleman from Iowa five minutes additional time.

Mr. CANNON. The gentleman himself can yield to the gentleman from Iowa, as my additional time is taken up.

I yield five minutes to the gentleman from Pennsylvania [Mr. KREIDER].

Mr. KREIDER. Mr. Chairman and members of the committee, it seems to me that the discussion on this bill has taken rather a wide scope, and I think statements have been made that can hardly be borne out by the facts.

In the first place, it has frequently been stated that the railroads prior to their being taken over by the Government practically ceased to function. That is not a correct or a true statement. The Government took over the railroads for good

and sufficient reasons. The railroads, it is true, were not equipped as they should have been equipped. The railroads in times past had undoubtedly sinned, and they have had to suffer the consequences of their sins. The pendulum has been swinging back for some time, and unfortunately it seems to have swung back too far, especially in the years just preceding the war. The railroads found themselves between the upper and the nether millstones.

The truth of the matter is that legislation by the States and the Federal Government, executed through various agencies, has fixed the rates for both the passenger traffic and the carrying of freight, and in turn legislation was passed compelling the railroads to adopt certain equipment and appliances and passed full-crew laws in many States, fixed the hours and conditions under which the employees worked, and fixed the wages of the employees, and in so doing did not let a sufficient margin so the railroads could maintain their properties and equipment as they should.

We must remember that railroad freight and passenger traffic increases under normal conditions at the rate of about 8 per cent per annum. That is to say, extending over a period of eight years your freight and passenger traffic will increase about 50 per cent, and the railroad that has sufficient rolling stock on a certain date will find that it needs 50 per cent more eight years later. If it has sufficient terminal facilities, they should be increased by 50 per cent eight years later.

Now, the railroads, because of the poor earnings and bad showing, unfortunately found themselves in a position where they could neither borrow the money nor make it fast enough to keep up their equipment, and when the war came on they were taxed to their utmost capacity. Then, on top of this, priority orders were issued, many with conflicting authority, and they were compelled to handle the traffic to a great disadvantage and in a very unsatisfactory manner; in fact, in many cases more than doubling and tripling the work in the yards, which had already become congested, as well as at the terminals. In some cases more time and energy were devoted to shifting and making up the trains than would have been required to move the trains over the entire division of the road.

Now, when those conditions were imposed upon the railroads and the congestion at the ports began to pile up it was impossible for the railroads to handle the traffic, and the cars were utilized as storage warehouses instead of being used to move the freight. That was the condition. The Government stepped in and did what the private owners could not do. It refused freight. It compelled the loading of cars to their maximum capacity. In many commodities it refused less-than-carload lots and allowed the freight to accumulate until they had full carload lots from and to certain points; they used all the facilities of all the roads in routing, and so forth. Now, had that been permitted under private ownership of railroads the question, of course, remains, Would they have given better service? I am not going to say whether they would or would not. But, in my judgment, Congress ought to pass legislation in the near future providing for the turning back of the railroads to the private owners, but they should be kept under Government control and supervision. Freight rates and passenger rates should be fixed as heretofore by the Interstate Commerce Commission or some similar body, but this same body should also control the hours and conditions under which the men are employed and fix the wage of the employees.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. KREIDER. May I have two minutes more?

Mr. CANNON. I yield to the gentleman two minutes more.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for two minutes more.

Mr. KREIDER. I was just about to say that in my judgment the railroads should be controlled by the Government through the Interstate Commerce Commission or some similar body, but the wages of the employees and the conditions under which the employees labor and the hours of labor should also be controlled by the same body; for, after all, the railroads must be operated for the benefit of the public and should render the best possible service at as low a rate as is consistent with the payment of satisfactory wages to employees and give a reasonable return on the investment. Of course, we must have the most economical management consistent with satisfactory service to the public.

We can not say to the railroads, "You have got to give us the service" and not let the railroads charge a sufficient amount for doing so; in other words, we have got to pay for what we get.

Again, for political reasons I should hate to see Government ownership and control of the railroads. I should hate to see the railroads of the country made a political football, the con-

trol of which should be fought for at each election. I should hate to see omnibus bills passed by Congress providing for the construction of railroad depots, bridges, and extensions, as is now done for the building of post offices and for the improvement of our rivers and harbors.

I am sure that if the people of the country will fully understand what Government ownership of railroads may bring to us they will not want it. I have not spoken of the financial end, because the facts and figures available are so incomplete and so many factors enter into the proposition relating not only to operation but upkeep of the property that conclusions reached differ so widely, ranging from a loss of three hundred millions to one billion two hundred and fifty millions of dollars for the first year's experiment. Perhaps about midway between the extremes will be found the correct amount, namely, about \$750,000,000 to \$800,000,000 loss. I believe, from information available and in the light of past experience, that the people want and will approve Government control and private ownership. [Applause.]

Mr. CANNON. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. CURRIE].

The CHAIRMAN. The gentleman from Michigan is recognized for five minutes.

Mr. CURRIE of Michigan. Mr. Chairman and gentlemen of the committee, the matter that we are all anxious to learn about to-day, as nearly as possible, is just what the Government control and operation of railroads is costing the country.

It has been pointed out by the distinguished chairman of the Committee on Appropriations, and it also appears in the report of the hearings before his committee in the testimony of Mr. Hines, that while the Government was obliged to bear the burden of increased operating expenses of the railroad systems for the entire year of 1918, yet it received the benefit from the increased freight and passenger rates for approximately only one-half of that year. It occurs to me that these distinguished gentlemen are somewhat in error. It is true that the order of the Director General of Railroads increasing the freight rates by 25 per cent became effective June 25, 1918, and the increase in the passenger rates by order of the Director General became effective June 10, 1918. The fact remains, however, that the railroad systems of this country had been operating under war conditions for some three or four years; and, appreciating this fact, they had applied not only to the Interstate Commerce Commission for the right to increase interstate rates but had applied to the respective State railroad commissions for permission to increase their intrastate rates. The Interstate Commerce Commission did, on the 12th day of March, 1918, grant an increase of 15 per cent upon so-called commodity rates, and the Interstate Commerce Commission had theretofore, on the 27th day of June, 1917, issued an order, effective August 1, 1917, increasing what is known as the classification rates by 15 per cent. So that instead of the Director General or the Railroad Administration of the United States having the benefit of only a 25 per cent increase for approximately one-half of the year 1918, they actually had that 25 per cent increase on top of a 15 per cent increase, which makes a total, at least for the last half of 1918, not of 25 per cent but of approximately 44 per cent increase over the original rate.

In addition to that—I know it was true in the State of Michigan—prior to the increase of 25 per cent ordered by the Director General of Railroads vast increases had been granted by the State railroad commission so far as the intrastate rates were concerned. My attention has been directed to an instance of this in the district which it is my honor to represent. A lumber company had a rate of \$2.50 per thousand on logs. In April, 1918, the railroad company increased that rate to \$3.75 per thousand. Then came the order from the Director General of Railroads, and which automatically applied, further increasing the rate by 94 cents per thousand, making a total increase of over 82 per cent.

I dare say that similar conditions prevailed throughout the various other States of the Union. So it is not fair to the people of this country for us to refer to this 25 per cent increase alone when we are judging as to what it has cost this country to permit the railroad systems to be operated by the Director General of Railroads. In addition to the \$200,000,000 which the Director General of Railroads admits has been a net loss to the Government by reason of its operation of the railroads, there must be added what it has cost the customers of these railroads in increased freight rates and in increased passenger rates, which will approximate \$800,000,000, or make a grand total cost for one year approximating a round billion of dollars. In the original act we appropriated \$500,000,000. This bill proposes an additional appropriation of \$750,000,000 more. How much will be recovered by the Government eventually no one can tell,

I believe that the President of the United States should reconvene Congress at an early date, so that not only those upon the Republican side but those upon the Democratic side as well who do not want this expensive proposition to be continued longer than necessary may unite and pass the necessary legislation to return the railroads of this country to their owners under proper safeguards, in order that they may be operated in an economical way. [Applause.]

Mr. CANNON. I yield five minutes to the gentleman from New York [Mr. PLATT].

Mr. PLATT. Mr. Chairman, I listened with a great deal of interest to the very able statement of the gentleman from Kentucky [Mr. SHERLEY], and I agree with him that we must vote this large sum of money for the railroads, most of which will be returned to the Government after we have restored these properties to their owners. It seems to me, however, that it is well to say again, as I have said before, that it was a mistake for the Government to take over the railroads even as a war measure. It did not have to be done. There was an unparalleled situation due to the extraordinarily cold winter, with everything frozen up, with coal cars unable to be unloaded because the coal was frozen into a solid mass, and with the sidings near New York tied up with freight cars, which the Government was not unloading and shipping the contents across the ocean, as it had agreed to do and should have done. The railroads had been starved by the Interstate Commerce Commission, which for years had not allowed them the rates that they were entitled to. Rates had been reduced and reduced, and when expenses increased, instead of giving the railroads the increased rates to which they were entitled and which they had to have in order to meet the increased expenses of wages and cost of equipment, the Interstate Commerce Commission refused to give the increases necessary, and when they did allow something took so long to do it, extending their inquiries over a year or two, that the increases were of very little benefit. If they had been given promptly, they might have averted a great deal of trouble.

The Federal Government took over the railroads largely because Congress did not have the courage to do what most of us, probably the majority of us, in our hearts thought ought to be done, which was to suspend the operations of the antitrust laws and allow the railroads to do themselves what the President has since been doing with them. We had to have somebody break the laws of the country or else suspend the operations of those laws, which were hampering the railroads in time of war. Instead of suspending the operation of those laws or repealing such of them as should have been repealed, and will have to be repealed or modified later on, we decided that the easiest way was to hand them over to the President and let him break the laws, which is what he has been doing. If we had allowed the railroads to pool their earnings and pool their freight and operate as they wanted to, routing their freight over short lines, and so forth, and had given them only part of the increases of rates which have been given under Government operation, a great deal of this difficulty could have been avoided; and if the Interstate Commerce Commission had treated the railroads fairly, we would not have been confronted by this situation to-day. We are confronted by a situation, however, and not by a theory, and therefore I see nothing to do except to vote this large sum of money for the Railroad Administration, in order that the railroads may be put in some kind of a sound condition before we give them back; and I hope we shall give them back to their owners as soon as matters can be so straightened out that it can be done safely.

Mr. TILSON. Will the gentleman yield?

Mr. PLATT. I yield to the gentleman from Connecticut.

Mr. TILSON. The gentleman was speaking of the difficulties which caused the railroads to break down, as has been said. Was not one of the great difficulties the fact that the Government interfered in the matter of priority, indicating what freight should be taken over the railroads first, and in that way causing a great deal of unnecessary expense and trouble in making the necessary shifting and switching of trains? At any rate, it was very expensive, whether it was necessary or not.

Mr. PLATT. I think that is absolutely true, and a good many contributory details like that might be mentioned. Priorities were given very recklessly at first, and they made it necessary to tear trains apart to take cars out and put them in other trains so as to go on sooner, which threw the whole operation of railroads into confusion.

That, combined with the cold weather and the tremendous amount of snow and the failure of the Government to unload and ship promptly war material consigned to it, caused the trouble. The abuse of priorities had a great deal to do with

the confusion into which the railroads were thrown before the Government took them over.

Mr. RAYBURN. Does not the gentleman think that the priorities were absolutely necessary?

Mr. PLATT. Not as they were granted at that time.

Mr. RAYBURN. It became necessary to pass the priority shipment bill, which we did pass.

Mr. PLATT. We had to give priorities, but Army and other officials were giving priorities recklessly for things that were piling up in New York, that the Government could not at once use. There was no coordination about the matter.

Mr. TILSON. Was it not the abuse of priorities that caused the trouble?

Mr. PLATT. The abuse of priorities before the War Department was overhauled and before there was even an attempt at coordination had a great deal to do with it. The Fuel Administration, I may add, was also somewhat to blame for the tangle, and there were other factors which time will not permit me to mention.

Mr. CANNON. I yield five minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Chairman and gentlemen of the committee, I have expressed in another place and at another time my position on Government ownership and the operation of the railroads, and I do not intend to repeat it here. I think all will agree that what the public wants is service efficiently and economically rendered. I believe also that everybody will agree that we are now paying a higher rate of service, both for passenger and freight, than we have ever paid since the railroads were properly organized. All will agree that we see the largest traffic, both in passenger and freight, that we have ever had. All will agree that we have the largest gross income that the railroad system has ever had, and yet we have such a lack of economy and such a lack of efficiency that we are running a deficit that must be made up, due to conditions that everyone here recognizes, and that at the same time we have less efficient service rendered to the public than we ever had before.

Whether that is absolutely inevitable or not, it is perhaps fair to say it is in time of war. I admit that. But I think we have seen enough of Government operation so that none of us is inclined to favor it as either an economic proposition or as an efficient proposition. Enough on that particular point.

One of the things that I think is very serious was referred to by my colleague from Michigan awhile ago, and that is the possibility of political influence in the railway system. With probably 2,000,000 employees closely organized they can pretty nearly speak as one person, and consequently have reached the point where certain people think the railways are run in the interest of those who serve them as employees. That is the Soviet system; that is precisely what Russia now is building upon. I think it is seriously out of order. I do not mean that all of the employees of the railways take that position, but I mean that some of the leaders of the employees seem to think that the major thing in running the roads is the payment of wages. On the other hand, we can see the owners of the roads operating on the basis that the major thing is more profit. We have reached the point where we must recognize that the major thing is the public and service to the public. It is not run for profit only, nor is it run for wages alone; there must be a cooperation between profit sharing and wage earning in the interest of the public service, and, as far as Congress is concerned, we must look at the third party, to the service of the public, rather than to either one of the others specifically.

Mr. GARNER. Will the gentleman yield?

Mr. FESS. Yes.

Mr. GARNER. The gentleman says he is opposed to the Government ownership of railroads. In what degree will the present bill encourage public ownership? I intended to ask the gentleman from Kentucky [Mr. SHERLEY] that question, but I was not here when he closed. I want to know whether the passage of this bill will tend to increase the demand for Government ownership. I direct the gentleman's attention to this point. We have already let them have \$500,000,000. We are going to let them have \$750,000,000 more. In my judgment not one dollar of that will the Treasury ever see again. What are the people going to say when they have \$1,250,000,000 invested in railroads—nearly one-fifth of their value—when the time comes to turn them back?

Mr. FESS. I will agree to the inference my friend is drawing without making the positive statement—that as we invest public money in industries the public might say that we want to be guaranteed the return of that in some form. But my friend will not ask me to vote against this particular measure, which seems to be absolutely necessary, simply because it is

going to give additional argument on the part of the public, because I want to say to my friend that we have got to have courage enough in this House to resent this tendency that is growing up in the development of public opinion.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FESS. Can I have five minutes more?

Mr. CANNON. I yield five minutes more to the gentleman.

Mr. FESS. I am grateful to my friend.

Mr. SHERLEY. Will the gentleman permit a question?

Mr. FESS. I yield.

Mr. SHERLEY. What does the gentleman say about the probability of increasing the demand for Government ownership as the result of prolongation of Government control now, and in that connection what does he say as to making it more difficult to turn the roads back, if we throw upon them now a heavier burden of financing than they can possibly carry?

Mr. FESS. I sympathize with the position of my friend from Kentucky. I do not know whether I catch fully his inference or not. I am not in favor of making an indefinite extension of Government control.

Mr. SHERLEY. The point is this: If you do not at this time help as this bill provides, but force the railroads to do their own financing to such a huge extent, do you not create a condition in which they can justly say we can not take the roads back?

Mr. FESS. That condition is already reached, I will say, when it was suggested that we would have to turn the roads back soon unless we got remedial legislation. I have been disturbed about that, because we simply can not turn the roads back to the owners and have them operate upon a profit basis with the limitations in respect to them that we have now on the statute books. I agree with my friend the chairman of the committee that because we vote an additional sum it might give an argument in favor of continued Government ownership, yet that is no reason why we should refuse this when it seems absolutely necessary to do it, and I am going to join with him in voting this additional amount.

The thing that disturbs my mind is the possibility of political influence in the railway organization. That absolutely bewilders me. It staggers me when I think that here are 2,000,000 men, voters, who, affiliated with their families, make 5,000,000 people, and if you affiliate those families with the various affiliated industries of the railroads you have 20,000,000, or one-fifth of the population of our country. I think an alarming situation confronts us if we come to vote openly for a policy that will give voice politically to any such tremendous voting power, which would operate upon the basis simply to the interest of the individual voter. That is a thing that I have been afraid of, and from everywhere are coming to us petitions from railway employees asking us to continue Government operation. This Congress has got to be courageous enough to speak out and say whether because there is a great group of voters, because they ask for it, we are going to give it, when there is no other reason as far as I can see for doing so than that they would rather be the employees of the Government than the employees of the owners of the railroads.

There is another thing that I think attention should be directed to. While we are afraid of political influence, yet is there any Member here who will say that in a town largely made up of employees of railroads those men can not be active politically because of their affiliation with the railroads? There is a town near me, a junction point, though not in my district, where the major portion of the population is made up of railroad employees. If you are going to say that none of them can have anything to do in the holding of office or in participation on committees with political organizations, in a way you are going to disfranchise the major portion of the whole town, and it seems to me that is unwise. Let me read a letter to Mr. Pugh, of Toledo, Ohio, who is a member of the Ohio State Legislature:

[United States Railroad Administration. Walker D. Hines, Director General of Railroads, Toledo Terminal Railroad. A. B. Newell, general manager. Terminal Station, Toledo, Ohio.]

FEBRUARY 3, 1919.

Mr. R. B. PUGH,
1721 Lagrange Street, Toledo, Ohio.

DEAR SIR: I understand that you asked for leave of absence on January 6 for a few days and that since then you have not reported for work, but during this period you have attended to your duties as a member of the Ohio State Legislature at Columbus.

Article 8 of General Order 48 reads as follows:

"In all cases where railroad officers, attorneys, and employees were nominated for political offices and had become candidates therefor prior to the issuance of General Order 42, August 31, 1918, they will be permitted to hold and complete the terms of office to which they may be elected at the general election to be held November, 1918, to the extent that the holding of such offices shall not interfere with the

performance of their railroad duties. After the completion of such terms of office they shall be governed by the provisions of this order." Inasmuch as your attention to legislative duties has interfered with your railroad work, your connection with the Toledo Terminal has automatically ceased.

Yours, very truly,

(Signed)

A. E. NEWELL.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FESS. Yes.

Mr. COOPER of Ohio. I believe that order has been set aside by the Railroad Administration.

Mr. FESS. The letter was dated February 3, 1919, and is from Walker D. Hines or his representative.

Mr. COOPER of Ohio. I understand that the order has been set aside.

Mr. FESS. It ought to be set aside.

Mr. COOPER of Ohio. Yes.

Mr. FESS. That is what I wanted to call to your attention. There is danger both ways—danger in allowing political participation and danger in the un-American attitude that because a man is doing this he can not be politically active. The thing to do is to take the railroads out of the hands of the Government. [Applause.]

Mr. CANNON. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. GRAHAM].

Mr. GRAHAM of Illinois. Mr. Chairman, if I knew any way that I could find it possible to vote against this bill, I should do so on general principles. I am so opposed in principle to anything smacking of Government ownership of our public utilities that I am inclined on first impression to be against the bill; but I can not see any reason why I should vote against it, in view of the particular situation that confronts us at this time.

In the military appropriation act of August 29, 1916, we said that the President in time of war is empowered to take over these railroads. Following that, on March 21, 1918, we passed an act for the payment of compensation to the owners, and provided in section 14 as follows:

That the Federal control of railroads and transportation systems herein and heretofore provided for shall continue for and during the period of the war, and for a reasonable time thereafter.

And we then proceeded and said that the time should not exceed 21 months after the time the President proclaimed peace. No action has been taken by this body, nor has there been any measure proposed, that would terminate that control of railroads sooner than the time fixed in this act, and therefore at this time we have control of these public utilities, and like the man who had a bear by the tail, we do not know how to let go. That is the way I feel about the thing. Here we have incurred these large expenditures we have entered into these contracts for this equipment that shall be used on these railroads, and unless we repudiate those contracts, unless we repudiate the pledges we have made by our legislation, we must have some appropriation measure of this kind. I hope that the time will speedily come when we can put an end to this management and conduct of railroads by the Government. I have no use for it. It has been inefficient, it has been costly, and it will be more costly as time goes on. I do not believe the Government can run these railroads as efficiently and economically as they can be run by private ownership.

It has been extremely interesting to look over the hearings on this bill and to get some kind of idea of what animated the President of the United States and those who had charge of the executive departments of the Government when they took control of the railroads. When we passed the act authorizing the President to take over the railroads we said to him, "If you find it necessary, Mr. President, to do this to carry on this war, do so." I did not believe then, nor do I believe now, that it was the intention of Congress that we were then authorizing the President or the executive officers of this Government to embark upon a great program of governmental control. The President said he might need this power, and we trusted him with the execution of the power, trusting that he would not misuse it or use it unnecessarily. But they took over the whole railroad system, and the principal reasons are given in these hearings by Mr. Hines. They are three in number, and I wish to refer to them. I want to call your attention briefly to the hearings. I have no doubt that many of you have read this, though some of you may not have. The first reason I find is the reason given by Mr. Hines on page 6 of the hearings, where we find him saying:

At the end of December, 1917, the extent of congestion was extraordinary. That was due to a considerable extent to the fact that in handling war material all sorts of priorities had been established by different departments of the Government, and this car had to be moved in priority to that car, and all sorts of Government stuff had to be moved in priority to private shipments.

But Mr. Hines says that the congestion was due to the overlapping activities of a lot of boards here that did not know what they were doing and were not coordinated, which so confused the railroad situation that the Government had to take them over to relieve that condition. The gentleman from Indiana [Mr. Wood] spoke about that. Mr. Hines says, in substance, that one of the controlling, moving reasons that the Government took over these railroads was inefficiency in some place, stupidity at some other place, overlapping activities of a lot of boards that, as I said, did not know what they were about most of the time. The second reason that Mr. Hines gives is on page 18 of the hearings. In this Mr. Hines is speaking about the matter of compensation of the roads, and he says this:

The interest rates were very high; the companies were claiming that their rates were not sufficient to give them the necessary credit, even in normal times—they had appealed to the commission for increased rates, and the commission had suggested that instead of allowing those rates the situation seemed so complicated that the Government had better take the railroads over.

This reason, under which the President is supposed to have acted, is, in substance, that because the railroad companies had not been granted increased rates their credit was gone and they could not finance themselves. What was the remedy? Let the Government take over the railroads and then raise the rates. In other words, it would not be right for the companies to raise the rates, but would be entirely proper for the Government to do so. This was not a good reason for taking over the railroads; it was merely an excuse.

The third reason, as given by Mr. Hines, is found in his testimony on page 19 of the hearings:

The Government itself was in the market for large amounts of money, and it was distinctly against the Government's policy for private enterprises to go out and bid up the interest rate in order to get money. So that was how it came about that the Railroad Administration started in financing a large part of these additions and betterments. It was a part of the general plan and to aid the general financial scheme of the Government.

It appears, therefore, that the administration thought it necessary to invest \$1,250,000,000 in the railroads to protect the market for the liberty bonds. The Railroad Administration has financed the New York, New Haven & Hartford Railroad Co. at an expense of \$51,400,000 and the Boston & Maine Railroad Co. at a cost of \$20,000,000, and has loaned other roads perhaps \$100,000,000 outright. If the Government had taken the bonds of these two railroad companies and had loaned to the other companies the moneys they needed from time to time and taken their securities therefor, it would have been much cheaper and better than to have embarked on this costly and ill-advised experiment. If these are the reasons for taking over the railroads, then they ought never to have been taken from their private ownership.

Mr. GRAHAM of Illinois. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman? [After a pause.] The Chair hears none.

Mr. CANNON. Mr. Chairman, I yield two minutes to the gentleman from New York [Mr. CLEARY].

Mr. CLEARY. Mr. Chairman, of course I am for this bill. I think it is generally understood why the Government had to take over the railroads. In and around New York, for instance, there is the Lackawanna & Western, the Ontario & Western, the Susquehanna & Western, the Erie, the Lehigh Valley, the Philadelphia & Reading, the Pennsylvania, and all these other roads entering New Jersey right along in a line; all have their terminals, and they are all selfish. I had business with a lot of them. A little part of the haul will not do, they want all the receipts, and so it became necessary for the Government to utilize all of these terminals. The Pennsylvania had to be diverted into the Reading and the Lehigh Valley, and so forth, wherever the docks were, naturally, because you can secure docks in that way, and of course all the other roads run their trains on the docks. It was absolutely necessary for the country to take over those roads to their maximum capacity when there was a congestion of freight. There is no gentleman in the House who is more opposed to continued Government ownership of railroads than I am. I have been in the transportation business for a good many years, and I know something about it. There is just one item particularly that brought me to my feet in this connection. The railroad management has gone on largely in the building of barges and boats. It never has been necessary. There was a time during the severe winter last year that some boats were blocked by ice in and around New York, and they were not able to get them just when they wanted them. They had a lot blocked. So they went into the business of building boats to operate on the Erie Canal, or rather not operating them. I talked with Mr. McAdoo here, some gentlemen here

were present, and they told me they were running some of them light. Now, it is absolutely impossible to run a canal boat light and make it profitable. You never can do it by running them that way. I think it is absurd, and I think one of the things that can be done to economize is for the Government to drop all water connections. They do not want to take over and operate any canals or waterways; they do not want to build any boats, and there is no necessity for them. They can not operate them with economy; they can not build barges economically; they do not know how to manage it, so the quicker the better the Government drop all connection with canals and waterways. [Applause.]

Mr. SHERLEY. Mr. Chairman, with the permission of the committee I would like to make some inquiry as to what additional debate is desired touching the matter which is under consideration. If it meets with the approval of the committee I would suggest that by 5 o'clock we start the reading of the bill and then if possible pass it, and if the gentleman will indicate his desire about the matter we perhaps can arrange it.

Mr. CANNON. I have requests for 10 minutes more time. I think that is all the requests I have.

Mr. BLACK. If the gentleman from Kentucky will yield, I would like to have 15 minutes.

Mr. SHERLEY. If the committee is willing, while we can not strictly, under the rules, limit general debate without the committee rising, yet if it is the understanding of the committee I might ask recognition for an hour, and then I will be glad to divide up the time among the gentlemen who desire additional time.

Mr. SMITH of Michigan. Why not divide the time?

Mr. SHERLEY. There is no attempt to use it on any one side. Let the gentleman from Illinois be recognized for half an hour and myself for half an hour and it be understood that at the end of that time we will go to the reading of the bill.

Mr. MANN. How much time is asked for of my colleague?

Mr. CANNON. I have requests for 25 minutes.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that he be recognized for 30 minutes and the gentleman from Illinois [Mr. CANNON] for 30 minutes. Is there objection?

Mr. MANN. I thought the gentleman desired to make his request that general debate shall be limited.

Mr. SHERLEY. The trouble is, I do not think the Committee of the Whole can do it.

Mr. MANN. Oh, yes; by unanimous consent they can.

Mr. HULL of Tennessee. May I inquire of the gentleman from Kentucky as to the probable time he expects to get a vote on the bill?

Mr. SHERLEY. Well, I assume, at the conclusion of general debate, we would probably go to a vote right away. The bill is but one paragraph, but there may be some five-minute debate.

Mr. MANN. There may be some amendments offered.

Mr. HULL of Tennessee. I wanted to procure 20 or 30 minutes, not exactly on the subject of the bill.

Mr. SHERLEY. Oh, I hope the gentleman will not ask for time unless it pertains to the bill. I have asked a number of gentlemen to refrain unless the discussion was in regard to the bill. It is very desirable that we should finish this bill this evening.

Mr. HULL of Tennessee. I am entirely willing to defer the matter.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that general debate be limited to one hour, the gentleman from Kentucky to control 30 minutes and the gentleman from Illinois [Mr. CANNON] 30 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. CANNON. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. As I understand this bill, it provides \$750,000,000 additional to apply to the revolving fund of the Railroad Administration of \$500,000,000, and in view of this I think some explanation is due Congress.

There are one or two questions I want to propound to some one on this committee, if they can answer them. If not, I want some one from the Railroad Administration to answer the questions.

The other day I put in a resolution, which is now resting before the Rules Committee, asking for an investigation of some things pertaining to the finances and purchases of the Railroad Administration. Up to this time the Rules Committee has taken no action. I want to get this matter in the Record, and I would like some explanation from some one as to this situation.

The following news item appeared in the Federal Trade Information Service of January 3, 1919:

GEORGIA & FLORIDA RAILROAD RENTAL.

The Railroad Administration yesterday signed a contract with the Georgia & Florida Railroad whereby an annual rental of \$88,000 will be paid the road. The road is in the hands of W. P. Sullivan, L. M. Williams, and John F. Lewis, receivers. For the test period the road's annual deficit averaged \$562. A contract also was signed with the Augusta Southern, a subsidiary of the above, for a rental of \$28,000. It would be interesting to know why the Georgia & Florida receives such favorable consideration and whether it presages similar treatment of other special compensation cases. John Skelton Williams was at one time president of this road and chairman of the board.

Now, in some of the charges which I made the other day on that bill I asked for an investigation of the relations existing between the Comptroller of the Currency as director of the finances and purchases of the Railroad Administration. The Rules Committee has failed to act, and I hope there is some one here in the House that can give me light on this subject.

Mr. MONTAGUE. Will the gentleman permit me to interrupt him?

Mr. McFADDEN. I will.

Mr. MONTAGUE. In respect to the reference to Mr. Williams. The gentleman has made charges against the Comptroller of the Currency, Mr. Williams, and I am authorized by him to say that he courts the fullest investigation of all the charges made by the gentleman from Pennsylvania. He would welcome them.

Mr. McFADDEN. I am glad to hear that. But that is not an answer to the question that I am asking.

Mr. MONTAGUE. I do not reply to that. It is obvious that the gentleman is concerning himself about Mr. Williams more than he is concerned about the rental of the railroads, and that is the reason I made the answer I did.

Mr. DECKER. How much does the gentleman say the railroads paid in rentals.

Mr. McFADDEN. Eighty-eight thousand dollars in the case of the Georgia & Florida Railroad, and \$28,000 in the case of the Augusta Southern, a subsidiary of the former, and I am quoting from an article that appeared in the Federal Trade Information Service.

Mr. DECKER. Eighty-eight thousand dollars a year?

Mr. McFADDEN. Yes.

Mr. DECKER. How long a road is it?

Mr. McFADDEN. I can not tell you as to that. I have before me here, however—

Mr. DECKER. What is your objection to its being paid a rental?

Mr. McFADDEN. The test period on which compensation is based shows a deficit of \$562 annually.

Mr. DECKER. In giving the information you seek I can best do it by asking you a question. Suppose you owned a railroad on which you have spent a million dollars, and suppose that that railroad had not reached the point where it would make a profit on the investment, do you think that I or anybody else would have the right to take your railroad and use it for a year and not pay you anything for it, simply because it was not paying a profit?

Mr. McFADDEN. If it was a railroad in which myself or my family was interested and I had charge of the financial part of the Railroad Administration, I should think it ought to be investigated.

Mr. DECKER. Do you think that Mr. Williams has anything to do with the settling of the contracts between the railroads and the Governments?

Mr. McFADDEN. I did not say that.

Mr. DECKER. I say he has not, and it is an unjustifiable insinuation. I never saw him in my life, and I am a member of the Committee on Interstate and Foreign Commerce and helped to write the bill under which this is settled. I do not know him, but I do say it is an unjust insinuation. Mr. McAdoo and the President of the United States are responsible for those contracts, and if you can not give further facts than that I wish to say to the gentleman from Pennsylvania that his insinuation is unjustified and uncalled for, because that rule we fought in our committee—

Mr. GARLAND. Mr. Chairman, the gentleman from Missouri is taking up the time of the gentleman from Pennsylvania.

Mr. DECKER. Well, he wants information and I have given it to him.

Mr. McFADDEN. I think not and I refuse to yield further.

I have here before me a hearing before the subcommittee of the House Committee on Appropriations covering the deficiency appropriations for the fiscal year 1919, Sixty-fifth Congress, third session, and I am reading from page 39. It says:

The CHAIRMAN. You were permitted under the law, certain facts appearing, to grant compensation in excess of the maximum that might be stated by the Interstate Commerce Commission to be the return

earned on the three-year prewar basis. That was section 6 of the act, was it not?

Mr. HINES. It was paragraph 6 of section 1.

The CHAIRMAN. In point of fact, have you made any such contracts?

Mr. HINES. As a matter of fact we have not yet executed any contracts which include any allowance for compensation in addition to the standard return, with one exception so far, and that is the Missouri & North Arkansas Railroad, where the compensation which we fixed was \$161,230 per year, in excess of the standard return.

The CHAIRMAN. To what extent?

Mr. HINES. That was the excess, \$161,230.

The CHAIRMAN. Do you recall what the total amount of the standard return was?

Mr. EDDY. About \$13,770. The standard return was the difference between \$161,230 and \$175,000; the total compensation paid was \$175,000.

I think that shows that there is some misunderstanding in regard to this matter, and I hope some Member of the House or some one connected with the Railroad Administration will answer this inquiry.

Mr. SHERLEY. If the gentleman will permit, he will find there a list of the claims that have been made for extra compensation under paragraph 6 of section 1, and he will find the number that have been rejected and the number that have been allowed and the number that are pending. The gentleman, of course, will realize that it was an impossibility for the committee to undertake to go into the question as to each of these various roads and the compensation that was allowed or should be allowed to them. We could not have done that under weeks of discussion.

Mr. McFADDEN. Yes; I understand.

Mr. SHERLEY. And I knew nothing of any need for an inquiry as to the special road of which the gentleman speaks.

Mr. McFADDEN. Will the gentleman answer this question, as to who passes on these advances to railroads finally? Does the director of finance do that?

Mr. SHERLEY. There is a committee, as the hearing discloses, that has up with the railroads the question of additional compensation, and then I take it that the matter has to be finally approved by the Director General of the Railroads. He is unquestionably responsible for any contracts that are made as to compensation over and above the standard returns.

Mr. McFADDEN. Does the director of finance have anything to do with that?

Mr. SHERLEY. I do not know. I can not advise the gentleman. I do not recall whether there was any testimony in that regard or not.

Mr. McFADDEN. I think it is reasonable to suppose that the director of finance of the Railroad Administration passes on these matters and that his report is probably finally accepted by the Director General of Railroads. If I am wrong in that impression, I would be very glad to be corrected.

A MEMBER. Who is the financial director?

Mr. McFADDEN. The financial director is John Skelton Williams. The Director General of Railroads is Walker D. Hines.

Mr. SHERLEY. Mr. Chairman, I yield five minutes to the gentleman from Maryland [Mr. LINTHICUM].

The CHAIRMAN. The gentleman from Maryland is recognized for five minutes.

Mr. LINTHICUM. Mr. Chairman, the gentleman speaking upon the railroad bill, H. R. 16020, and discussing the question of Government ownership, the economical management of railroads, and such other questions, reminds me very much of the man who was very ill, and the doctor asked him how often he would like for him to come. He told the doctor to come just as often as he chose, and to spare no expense, just so he got him well. When he recovered and received the doctor's bill he felt quite differently and was very critical as to the charges.

Last year, when the Government was operating the railroads during war times, we did not discuss the question of Government ownership, economical management, and parsimony, but it was merely a question of win the war; no matter what expense, "win the war." It is unfair to try to judge the expenses of the railroads by the past year, during war times, when the sole and paramount question before the American people and American Congress was to win the war for civilization.

Last evening Gen. Carl R. Gray, former director of divisional operations of railroads under Director General McAdoo, in his address at the Baltimore Bar Association gave an instance of the service which the railroads performed for the country. The same men, said he, who had always run the railroads ran them during the war, with the difference that they had the United States back of them.

Every restriction and operation—in fact, everything which tended to impede—was pushed overboard. For instance, let me call to your attention that on February 8 Gen. Gray, along with others, was called in conference with Mr. McAdoo and

shown cablegrams from the premiers of England, France, and Italy, each almost identically alike, in which the statement was made that if the food program of 1,160,000 tons a month was not lived up to the war would end by April 1, and in favor of Germany. Gen. Gray told them that the railroads went into the factories and wherever they could get all kinds of cars, loaded them with food for the seaboard, and from then until March 15 scarcely a car except food cars ran in the United States. The result was that on that date every ship the United States and her allies could produce was filled, as well as all the elevators, and there were 62,000 loaded cars up against the wharves waiting to be unloaded.

You gentlemen must realize that this great undertaking was not accomplished upon the economical basis which prevails in peace times. It was not a question as to what it would cost to do this; it was a question of doing it; of feeding our allies and of carrying on the war to a successful termination. Then you have the large increase in wages to the employees, which became inevitable by reason of the high cost of food and other living expenses, so that the American railroad employees could live and clothe their families as suited their station in life.

You gave to our boys of the Army transportation at 1 cent per mile. It was just what we ought to have done, but nobody ever raised the question as to whether it was profitable or not. It was for the boys who were to win the war for us, and that was all that was necessary.

We had one of the worst winters in the history of our country. I doubt whether there is a man on the floor of this House who remembers such a winter. This made railroad operation very much more expensive. The railroads were not run in the manner of peaceful days, but upon a war basis, giving priority to all those articles which were necessary to win the war, to the exclusion of other traffic, no matter how unprofitable. Vast expenditure had to be made in equipment and numerous other matters which entered into the question of winning the war. I say, therefore, gentlemen, that you are not fair to the men who operated the railroads when you say they were not economically managed.

The truth is that the railroad management absolutely broke down and had to be taken over. Just why it broke down is a matter of great difference of opinion. Suffice it to say that when they did reach that period and it was necessary for the Government to take them over, it was done, and the railroads were managed and the war has been won.

I was talking to a large transportation man some months ago, and he advanced the idea that the railroad congestion first originated when a fruit vendor refused to pay 25 cents for the hauling of a bunch of bananas to his shop by one of the store-door delivery wagons of the company. Other merchants took up the question and refused to accept the goods and pay the hauling. Thus the state of congestion originated.

The Interstate Commerce Commission disapproved of the store-door delivery, and ordered it to be discontinued. Hence the hauling of the freight from the stations by hundreds of consignees instead of by the prompt system of store-door delivery soon congested the freight yards and freight stations along the Atlantic seaboard. This prevented the prompt unloading of cars, which gradually extended from the seaboard to Pittsburgh and other western centers, and thus, said my informant, the congestion of the railroads first began.

This is one theory, and there are many others. What I am proud of is the fact that with the railroads operating in conjunction with the Government, and with all the other branches functioning, we have won the war, and now comes the question of appropriating money to finance the railroads under this bill. It is one of the things which must be done. The railroads must be looked after. They are the business arteries of the country; without them we can not become prosperous, nor even conduct our affairs. The better they are financed and the better they are operated the sooner we can again reach the prosperity of peace times.

I am, therefore, in favor of doing everything possible for the railroads.

As to the question of Government or private ownership, I am very much of the opinion Gen. Gray was when some one asked him what was his opinion about Government ownership. He replied, "Government ownership and private ownership can wait until we have settled this question of German ownership."

Let us settle this war question, establish peace throughout the world again, agree upon some proper form of a league of nations, and avoid the great devastation wrought by war, both upon humanity and property. Perhaps when we get farther away from the effects of the war, and more established in our business enterprises, we may be better able to judge as to

whether the people want public or private ownership. [Applause.]

Mr. SHERLEY. Mr. Chairman, did the gentleman use all of his time?

Mr. LINTHICUM. I yield back the balance of my time.

The CHAIRMAN. The gentleman from Maryland yields back one minute.

Mr. LINTHICUM. I ask unanimous consent, Mr. Chairman, to extend my remarks.

The CHAIRMAN. The gentleman from Maryland asks unanimous consent to extend his remarks. Is there objection?

There was no objection.

Mr. SHERLEY. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLACK].

The CHAIRMAN. The gentleman from Texas is recognized for 10 minutes.

Mr. BLACK. Mr. Chairman, before I begin, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

By unanimous consent, leave to extend their remarks in the Record was given to Mr. KREIDER, Mr. FESS, Mr. SHERLEY, and Mr. GREEN of Iowa.

Mr. BLACK. Mr. Chairman, necessarily in voting upon the various bills that press upon us during the closing days of a session of Congress we do not have opportunity to read carefully all the hearings on them, and we can only do the best we can and make up our minds from the information which we have obtained from a hurried study of the printed hearings before the committee which has charge of the particular bill, and such other reading and study as we may have opportunity to give.

Members of Congress would often wish that we might have more time to look into the details of these appropriation bills which carry such enormous sums of money. That we do not have such time and can not possibly have it under any system that mortal man might devise is one of the strongest reasons why I am opposed to the socialistic formula of putting the Government into all kinds of business ventures. As long as we can keep our Government within the sphere of operation which properly belongs to a republican form of government and as ordained by the fathers when they wrote the Constitution, to wit: To really govern and control and not to own the means of production and transportation and livelihood of its citizens, then we have every reason to believe that we shall have a government of law and order and representative of all classes of people and not dominated by any group or special interest. In fact, that is the only kind of a government which can and will guarantee safety and protection to all classes and groups of citizens. And now with these general observations I will undertake to discuss some of the features of the bill which we now have under consideration.

I have hurriedly read the hearings on this bill and have listened with a great deal of interest to the able speech of the gentleman from Kentucky [Mr. SHERLEY] in explanation of his reasons for advocating its passage. On this reading of the hearings, and my study of the bill itself, and the able speech of the gentleman from Kentucky [Mr. SHERLEY] I expect to base my decision on final vote on the bill.

On December 14, 1918, during the general debate on the Post Office appropriation bill, I expressed clearly my opposition to the Government ownership of telegraphs, telephones, and railroad systems, and I do not wish to repeat to-day anything I said then, except that I want the people whom I have the honor to represent in this body to know that I am emphatically opposed to a policy of Government ownership of these utilities, and I favor their return to their owners just as soon as it can be properly effected.

It is my belief that it is no time for men who are in responsible public positions to undertake to dodge or evade this important question, or make it the football of politics, but it is time for every man to stand up and be counted on it. And I hope that the people will demand that their Representatives in Congress declare themselves. It is too important a question to be sidestepped or evaded. The consequences which it involves to the people are too tremendous to be treated lightly or indifferently.

In discussing this bill that we have before us now to increase by \$750,000,000 the revolving fund which we provided in the bill of March 21, 1918, naturally one of the first propositions that arises in our minds: How has the Government operated these railroads? What, if any, deficit has there been in the operation? What items are covered by this enormous appropriation of \$750,000,000? To these questions I will now undertake to devote some brief attention.

If I recall correctly, some years prior to the war and to the Government taking over the railroads, Hon. Louis D. Brandeis, who is now one of the Associate Justices of the Supreme Court of the United States, appeared before the Interstate Commerce Commission in a hearing where the railroads were seeking to secure increases in freight rates, and stated that they needed no increases, and that a very large sum, running into the millions, could be saved each year by certain economies that the railroad companies could easily put into effect. According to his opinion, the matter of saving millions in each year on operating expenses would be a perfectly easy thing to accomplish. I think Mr. Clifford Thorne, who was at that time a railroad commissioner of the State of Iowa, made that statement also, and argued it with considerable emphasis to the Interstate Commerce Commission. And it is interesting also to note that when the Senate Commerce Committee was holding hearings on the act of March 21, 1918, Hon. William G. McAdoo, Director General, appeared before that committee and gave his opinion as to the wonder work and the magic and the economies that could be brought about under unified Government control. I wish to read some of the things that Mr. McAdoo said before the Senate committee in that hearing. Here is what he said:

"So I hope that very large economies may be practiced. How far they will be offset by increased cost of material and increased cost of labor I do not know, but perhaps one hand will wash the other.

But how has it actually turned out? The truth of the matter is that the right hand has failed to wash the left hand by more than \$1,000,000,000.

Again, he says:

"I hope that the deficiency will be inconsiderable, and I hope as well that we may have a surplus. (Senate committee hearings, p. 823.) * * * I hope there will be no deficiency. I hope that such economies can be effected as will prevent deficiencies, and I even hope that a surplus may result from Government operation.

But he was cautious enough to add:

Of course, that is a hope. I do not know.

Mr. McAdoo is an optimistic and hopeful statesman, but he surely stretched his optimism and credulity if he really ever brought himself to even hope that there would be a surplus under Government operation and control.

Mr. SMITH of Michigan. Can the gentleman tell us where he said that?

Mr. BLACK. Yes; that was before the Senate Commerce Committee when they were considering the act of March 21, 1918, which provided for the compensation agreements, and so forth, to the railroads.

Mr. COOPER of Ohio. May I ask the gentleman a question?

Mr. BLACK. Yes.

Mr. COOPER of Ohio. How much does the gentleman think we would have been in the hole if Mr. McAdoo had not increased the freight and passenger rates?

Mr. BLACK. I will discuss that feature directly; but I will make a short answer at the present, and say without any fear of contradiction that there would have been a loss to the Government in 1918 of at least \$750,000,000 if the freight and passenger rates had not been increased. Now, let us see how these optimistic predictions by such men as Hon. Louis D. Brandeis and Mr. Clifford Thorne and Mr. McAdoo as to the wonders that would be worked under Government control have actually turned out, because I believe that in the consideration of a great fundamental question like this the American people are entitled to the facts. I read now from the Railway Age of January 31, 1919. If these facts are not correct, I invite correction from any Member of the House:

The increases in expenses came so fast that, contrary to his obvious expectations, Mr. McAdoo was obliged to make large advances in both freight and passenger rates. These advances in rates yielded increased earnings of about \$600,000,000 in the six months, July to December, inclusive, during which they were in effect. The increases in expenses wiped out the \$100,000,000 margin with which, as Mr. McAdoo told the Senate committee, he began; wiped out the \$600,000,000 increase in earnings due to advances in rates; and left the Government with a deficit of \$200,000,000 from the year's operations. Taking into account the increased earnings derived from the advances in rates and the deficit incurred, it will be seen that Mr. McAdoo missed his guess as to the final outcome of the year by at least \$800,000,000.

Mr. MADDEN. Will the gentleman yield for a word?

Mr. BLACK. Yes, I yield.

Mr. MADDEN. I understand that the class rates were increased 25 per cent and the commodity rates were increased all the way from 100 to 1,000 per cent, and the passenger rates were increased 50 per cent.

Mr. BLACK. I will state to the gentleman from Illinois that I really think it is true that the increase in freight rates was larger than 25 per cent when you look at the matter in the aggregate. My understanding is that the average increase on most articles was 25 per cent but on many commodities it was very much more.

The statement is frequently made by those who favor Government ownership of railroads and therefore Mr. McAdoo's plan for a five-year extension of the time of Government control, that the deficit which was incurred in time of actual hostilities, is not a fair test of Government management and that peace-time operation and management will make a much better record.

I wonder on what they base so hopeful a prediction.

The signing of the armistice took place November 11, 1918, and certainly operations during the month of December, 1918, would reflect light on what we may expect from Government operation of the railroads during peace times.

The Interstate Commerce Commission's report for December is now available, and let us see what it shows.

The force and logic of figures are much more convincing in a matter of this kind than flamboyant and sophomoric oratory.

Let us see: In December, 1917, the weather and other operating conditions were as bad as ever known, and yet the operating expenses of the railroads under their own private managements were only \$238,582,000. In December, 1918, the weather conditions were as favorable to economical operation as were ever known, and yet the expenses, including a certain amount of back pay to railway employees, under Government operation were over \$375,282,000, making an increase over December, 1917, when the roads were being operated under their own private management of \$136,700,000. Enormous, is it not? And yet it is true and I stand up here and boldly challenge any one to dispute the accuracy of the figures.

The statistics for December are accompanied by statistics showing the results of the same roads for the 12 months of 1918. The 175 large roads included, having a mileage of 214,000 miles, had an increase in earnings during the entire year of \$824,000,000, due in large part to freight and passenger increases in rates, or 21.6 per cent. The increase in operating expenses was \$1,090,000,000, or 40 per cent.

One readily sees from an examination of these figures that there was a reduction in the net operating income for these 175 large roads for the 12 months of 1918 of \$265,000,000, or almost 30 per cent. And it must be remembered that this enormous deficit was in the face of the high increase in freight and passenger rates which went into effect in the month of June, 1918.

If it be true, as La Fontaine said, "in everything one must consider the end," then it is high time that Congress should begin to consider the end to which some of the policies we are now following would commit us, and we should steer back into the path of a wise and prudent statesmanship.

Mr. CANNON. I yield to the gentleman from Missouri [Mr. DYER] five minutes.

Mr. DYER. Mr. Chairman and gentlemen of the committee, the legislation which Congress enacted a year or so ago, taking over the railroads, makes necessary, of course, the additional appropriation, as shown from the report of the Committee on Appropriations and from the speech of its distinguished chairman [Mr. SHERLEY]. We are bound and compelled in justice and in right to appropriate this money that is now and will be needed. In the few minutes I have I want to call the attention of the committee to the question of Government ownership of railroads as a permanent policy.

I have received a great many requests and letters from people of my city and State and from other places touching this question. From what I have been able to learn I judge that there has been organized and that there is now going on a vigorous propaganda trying to influence the Members of Congress upon this question. I believe that when this question comes up in the next Congress we ought all to be free and to have open minds to do that which seems to be best for the country and the people generally.

I am vigorously opposed to propaganda that is organized and has its headquarters generally here in Washington trying to influence us on matters of this kind without furnishing any facts. I hold in my hand a letter, similar to others I have received, to which I want to call the attention of the House. It is dated St. Louis, February 14, 1919, addressed to Senator SPENCER, of my State, Representative IGON, one of my colleagues from St. Louis, and myself. The letter is as follows:

St. Louis, February 14, 1919.

Hon. Senator SPENCER,
Hon. Representative IGON,
Hon. Representative DYER,
Washington, D. C.:

By my vote and the vote of my fellow workmen you were enabled to fill the position you now hold, and if you wish to retain the support of the many thousands of railway employees and their friends who are not directly connected with the railroads in future elections we are asking that you favor us by giving your support and influence favoring the extension of Government control of railroads for another five years, as per the recommendations outlined by former Director General W. G. McAdoo.

The evidence is very clear that should the railroads be returned to private management and control it would be most disastrous to business and the country at large.

I am asking each of you to put forth your best efforts to the end that the railroads of the country remain under Government control.

Trusting that you will see your way clear to take your stand as outlined above and that I may be permitted to have a favorable reply, I am,

Yours, truly,

ALPHONSE G'SELL.
FERDINAND G'SELL.

Neither of the two men whose names have been signed to that letter reside in my district. The important part of this letter to which I wish to call attention to is that it says, "Carbon copy to John Scott, room 505-507, A. F. of L. Building, Washington, D. C."

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON. I yield to the gentleman five minutes more.

Mr. DYER. I want to call the attention of the committee to the fact that there has been organized, apparently, this propaganda and that its headquarters are in Washington, in the A. F. of L. Building, under the management of some man that I do not know by the name of John Scott. The A. F. of L. Building I take it to be the American Federation of Labor Building.

This letter gives no facts or information to me or any Member of Congress as to why I should vote for a five-year extension of the railroads under Government control nor for permanent ownership. It is a systematic effort, as I view it, and from letters I have received from my city, indicating that from now on until Congress does act you and I will be bombarded with these letters from people at home and elsewhere. This letter says, "By my vote and the vote of my fellow workmen you are enabled to fill the position you now hold." In other words, telling me and others in effect that we have elected you to Congress and we expect you to do what we want you to do on the railroad question.

I have in my city, St. Louis, a great railroad center, and there thousands of men who are employed in railroad work, in the operation of trains, in the offices of railroads, and so forth.

St. Louis is the general headquarters for several of the railroads of the great Middle West. We have thousands and thousands of men who are engaged in this work. I have found these employees fair, honorable, and good citizens. I have found the same as regards the owners, operators, and managers of these railroads. I know they want and expect their Representatives in Congress to consider all the facts with reference to these questions, and to do whatever is for the best interest of all concerned.

I want to protest and call attention of the Members of Congress to what I believe is a most unjust method of trying to influence them in the discharge of their public duty. I wish to say that these people themselves are not trying to use undue influence on Members of Congress so far as my city is concerned. It is those persons who have political axes to grind or other selfish interests. I do not receive letters from men whom I know personally are engaged in the operation of trains of this threatening kind, and yet many of them are railroad men and citizens of my district. Such letters as I have here are sent out from Washington propaganda headquarters, all prepared to obtain signatures of men, many of whom probably do not work on the railroads at all.

These men whose signatures are to this letter I do not know. I know they do not live within my district and I doubt if they are in effect working for the railroads. But it is a sinister method of influencing legislation. We want, Mr. Chairman, when the time comes to vote upon this question, to vote as the best interests of the country demand, from the best information we can get. I want to so vote and speak upon this question as my judgment directs after mature and serious investigation of all the facts. I also want to follow the judgment of men who are giving time and attention to this great problem—Government officials, railroad operators, and employees. I would give heed to the judgment of men like the gentleman from Kentucky [Mr. SHERLEY], the able and distinguished chairman of the Committee on Appropriations; men like the great legislator, the gentleman from Illinois [Mr. CANNON], the former able Speaker of the House, a member of the Appropriations Committee; men who have given great study to these questions, who have considered them from the standpoint of doing justice to the whole country. I could mention others who will in Congress aid in the solution of what is best to do with the railroads. There is the gentleman from Wisconsin [Mr. ESCH], who will be chairman of the Interstate Commerce Committee in the next House. This committee will consider this question primarily. Then there is another Member, the gentleman from Ohio [Mr. COOPER], a trained railroad man. I value his judgment on this serious proposition. We will do what is right at the proper time. [Applause.]

Mr. CANNON. Mr. Chairman, I yield 10 minutes to the gentleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Chairman, on the taking over by the Government of the railroad systems of this country we appropriated \$500,000,000 to be used to buy equipment, make improvements, and pay operating expenses. We are now called upon to appropriate \$750,000,000 more for those purposes—a billion and one-quarter of the people's money raised by taxation to keep the railway systems of the country going.

During the period of Government operation the rates have been increased over 25 per cent, so that the people of the country have paid between five and six hundred million dollars more in freight and passenger charges in six months than they would have paid for the same service under the rates which prevailed when the railroads were in private control. Notwithstanding this increased charge on the people, of more than a billion dollars a year in freight and passenger rates, the revenues of the roads fell short in 1918 of paying operating expenses and meeting the standard return due the companies under their contracts with the Government by nearly \$200,000,000.

I think there is no one who will claim that the service on the railroads of the country has been improved under public control. I think it is the judgment of a great majority of those who utilize the railroads that the service has been much less satisfactory than under private control.

This is the situation, then: A billion and a quarter dollars out of the public pocket to equip, improve, and operate the roads; another billion and a quarter dollars of levy on the people of the country in the way of increased passenger and freight rates and a less satisfactory service, and yet there are folks who want Government ownership and operation of railroads. It may be argued, it has been argued, and it will be argued that the operation of the railways by the Government in time of war does not afford a fair condition on which to judge what the results of Government operation might be in time of peace. That is very true, but at least some of the benefits that it was claimed would follow before we took the railways should have been apparent even under the trying conditions of war. This war has cost a great deal of money and many precious lives, and it will lay a very heavy burden on the people of the country for many years to come. Possibly we may secure some good out of all these losses if we take to heart the experience we have had relative to the inefficiency or ineffectiveness of Government in the operation of great private enterprises. I am not prepared to say that it would have been better to have allowed the business of the country to continue during the war under proper and reasonable regulations, but without Government management, operation, regulation, price fixing, and licensing—amounting to the control of business. I am not prepared to say that, but I am of the opinion that he who attempts to prove that we secured substantial temporary or lasting benefits or that we aided greatly in winning the war by the efforts that we made in many lines of management, operation, regulation, control, and price fixing has a very hard task on his hands. Coal would have gone higher at one period than it did if we had not regulated the price, but it would have got down to normal more quickly.

The farmers did not ask for a guaranteed price on wheat, but in order to justify the artificial and arbitrary fixing of a price during the war below the price the law of supply and demand would have fixed, a minimum guaranty was agreed upon, and the Lord only knows what the final reckoning will be or how much it will ultimately cost. We know what it has cost us to run the railroads, and we know we have not gotten good service. The fact is that war has again emphasized what has been known to all reasonable and reasoning men since civilization dawned—that you must have individual initiative and enthusiasm, intelligent self-interest, the spur of ambition, to carry on the great enterprises of civilization; and that while public regulation is necessary and essential to check greed and compel respect for the rights of the people, taking over and operation of great enterprises and industries by the Government is certain to be costly and unsatisfactory. I have tried to keep an open mind on this railroad business and on various Government activities in the field of private enterprises during the war, because they were deemed necessary, but as I have observed the effect and counted the cost I am more and more convinced these enterprises and activities were of questionable value in war and indefensible in peace.

Mr. SHERLEY. Mr. Chairman, I yield the balance of my time to the gentleman from Pennsylvania [Mr. DEWALT].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 16 minutes.

Mr. DEWALT. Mr. Chairman, the chairman of the Committee on Appropriations has been kind enough to yield the balance of his time to me in closing this argument on this bill.

Of course, I would preface my remarks by saying that ability to close this matter with the clearness, the exactness, and the emphasis that would be obtained from the learned discussion of the gentleman from Kentucky can not in any wise be given by myself. I have during the time of this debate carefully noted what was said, and it seems to me that we have sometimes gone far afield from the exact matter which we are about to decide. Laws are passed either to prevent crime or to punish those who have committed crime or they are passed as remedial legislation to better conditions under existing law. This is certainly not a law which is intended to punish crime, and yet during the discussion this afternoon I have heard charges made against the administration of railroad affairs, charges against the Government, and charges of lack of interest and lack of capacity, and perhaps charges even worse than that, but the pith of this matter is this: What is the law intended for and what does it mean? The law means an appropriation of \$750,000,000, and it is to be expended to remedy an existing condition. That condition is a deficit, and that deficit must be met, and while it may be very pleasant and perhaps instructive and entertaining at some other time to talk about railroad administration, Government ownership, and the results of the last administration of the railroads by the Railroad Administration officials and the consequent effects of Government ownership or private ownership, to my mind they have absolutely nothing to do with the matter we now have in hand.

Mr. DENISON. Will the gentleman yield in that connection?

Mr. DEWALT. I will.

Mr. DENISON. The gentleman has stated very properly this law is to remedy existing conditions.

Mr. DEWALT. Yes, sir.

Mr. DENISON. Does not the gentleman think in the discussion of that question that it is pertinent to discuss the causes of this condition?

Mr. DEWALT. Hardly so. You are not facing a theory; you are facing a condition, and that existing condition is a deficit. It does not make very much difference if you do not have any money in your pocket what the reason is you do not have it; the fact still remains you have not got it; and the best thing you can do under the circumstances is to find how you can get the money into your pocket.

Mr. DENISON. If you have not got the money and you are discussing the reason for getting it, does not the gentleman think you might discuss how you happened not to have any in your pocket? It seems to me—

Mr. DEWALT. I believe a little discussion might help it, but the extraneous discussion in reference to the causes that brought about this deficit, in my judgment, went too far afield. Now, what is this deficit? Let us get down to that. The revolving fund was \$500,000,000. That absolutely and actually was exhausted by the control of the railroads and by the Government. They are now asking for \$750,000,000 in addition to what they have already had. Now, that is a plain proposition. Now, the actual deficit that was incurred during the administration is not the enormous sum that these gentlemen have been propounding to you. It was not \$1,000,000,000. It is actually \$196,000,000. Caused by what? Well, it does not make very much difference what it was that caused it unless it was theft. It may have been extravagance; it may have been mismanagement; it may have been, in some instances, a mistake, and very frequently, no doubt, was; but that is not the question. The question is, How are you going to meet the deficit, and what are the reasons for raising the money? That is the clear, succinct proposition, and nothing else. Now, is the deficit \$196,000,000? Now, let us look at that for a moment. You see, gentlemen, in my humble opinion the trouble in this House is just here, that a great many gentlemen, while well meaning in their intentions and no doubt fairer and more honest than a great many other people are or propose to be, have gone into this subject without examining the figures.

Mr. BLACK. Will the gentleman yield for a question there?

Mr. DEWALT. I will.

Mr. BLACK. Does the gentleman understand me to have said there was a billion dollar deficit?

Mr. DEWALT. I was not referring to the gentleman at all.

Mr. BLACK. He misunderstood me, then, because I made no such statement.

Mr. DEWALT. I was not referring to the gentleman at all; I was referring to some one else. The trouble is that a great many have approached this subject without really knowing what the deficit means and how much it is and how it is made up. Now, if gentlemen of the committee will take the report and turn to page 188 they will see that under the requirements for 1918 there was a standard return which must be paid to the

railroads under the provisions of the railroad act. That sum was \$928,314,000 in round numbers. There was also an expenditure for additions and betterments of \$573,334,000. Now, that is not a deficit or a loss, because under the original provisions of the act itself taking over the railroads the railroads, when they are returned to their private control, must pay for these betterments and improvements. That is the law. How must they pay for them? They must not pay for them at the actual cost thereof, but the act provides that they shall pay for them at the appraisal value; and the act further provides that during the time that these betterments are acquired and taken into the railroads themselves they shall, if possible, pay for them out of their earnings, so that this matter is not considered, or should not be considered, a portion of the deficit. In addition to that, you have advances to inland waterways of \$4,361,480; and yet in the calculation of this deficit, amounting up to a billion dollars, according to the figures of these gentlemen, they say that is a deficit. Why, it is not a deficit at all. The inland waterways of the country were taken over provisionally, just exactly as the railroads were taken over, and they were taken over under the same terms.

And these betterments and improvements which are put into those inland waterways are under the provisions of that act and they must be paid and returned to the Government ultimately.

Now, take your next item, \$51,475,000. That is rather an astounding item. But what is that? It is the money loaned to the New York, New Haven & Hartford road. The reasons for such a loan were quite apparent at the time, and I will merely refer to them to say that every man on this committee thought there was absolutely nothing else to do under the circumstances. They had \$43,500,000 already outstanding, notes which were due just about the time this railroad legislation was being enforced. At that time also there was the third liberty loan pending. It became actually and absolutely necessary that there must be a financing of this road's finances at that time, and the Government advanced \$43,500,000, taking ample security for the same, and at the same time gave \$8,000,000 in addition thereto for the necessities of the railroad at that time. Suppose they had not done that. It is easy to say that the New York, New Haven & Hartford would go into bankruptcy. It is easy to say, "Let a receiver be appointed." But there would have been a financial panic at that time, and the bankers that were carrying these large loans were obliged in some way to find a remedy, and the only remedy that could be found at that time was the loan from the Government. And yet I hear gentlemen on this floor to-day calculating that as a part of the figure that must make up this deficit. It is amply secured and will be returned to the Government in due time.

Well, now, take that figure, and you find you have \$1,557,484,000, in round numbers. From those you can exclude the items I have already given you, and then if you take the net requirements as found on page 188 you will find that the additions and betterments for the year 1919 are \$290,918,283, which is the balance between the amount as specified, of \$573,334,119, and the amount appropriated by the railroads themselves for the payment of betterments, and you have the item of \$290,918,000.

Mr. BUTLER. Will my good friend answer me a question?

Mr. DEWALT. I will if I can. Quakers ask questions, you know, that other people can not answer.

Mr. BUTLER. This is an easy one.

Mr. DEWALT. All right.

Mr. BUTLER. We have taken from the Treasury \$500,000,000 for railroad purposes.

Mr. DEWALT. Yes, sir.

Mr. BUTLER. And we are asking now to take \$750,000,000.

Mr. DEWALT. Yes, sir.

Mr. BUTLER. When we get through, how much is it going to cost the Government?

Mr. DEWALT. I have been trying to show to you that a greater proportion of this is going to come back into the Treasury of the United States.

Mr. BUTLER. Does my friend have it figured out? I want those two figures.

Mr. DEWALT. It is going to cost \$381,806,904 in order to make up this deficit for 1918.

Mr. BUTLER. I got that from the gentleman from Kentucky [Mr. SHERLEY]. But when we are through with it all, settle it all up, and wipe it off the slate, how much is it going to cost the Government?

Mr. DEWALT. That is something that nobody, not even a Quaker, can tell.

Mr. BUTLER. Then, I will say to my friend, it is a hard one.

Mr. DEWALT. And for this reason: I say that when you make up the estimates for 1919 they are simply estimates. When you make them up for 1918 you have the actual figures.

Mr. BUTLER. I agree with the gentleman. Excuse me for the interruption.

Mr. DEWALT. It was not an interruption. It was a proper inquiry.

If you take \$881,000,000 as tabulated, by taking the additions and betterments, the working capital, the advance to the inland waterways, the loan to the New York, New Haven & Hartford, and then the deficit of \$196,000,000, as already said, and you have your revolving fund of \$500,000,000, an additional appropriation of \$381,000,000 is requested to make up that difference.

Mr. MAY. Will the gentleman yield?

Mr. DEWALT. Yes.

Mr. MAY. The railroads have rendered a great deal of service to the Government in carrying troops and the like. Has that all been computed and proper credit given to the Railroad Administration?

Mr. DEWALT. It is taken in the aggregate receipts of the railroads for the year 1918, and the gentleman will find them on the same page as \$732,314,372, and in that item is included the amount received for the transportation of troops.

Mr. MAY. Is the gentleman informed whether or not those charges correspond to charges made by private owners? For instance, we carry the boys back for 1 cent a mile to any part of the country. How much are the railroads credited for that service?

Mr. DEWALT. I can not say. I have no definite information on that.

Mr. MAY. The gentleman can not tell how much they are credited for the service in carrying the troops in any instance?

Mr. DEWALT. I can not. Does not the gentleman recognize that that is a collateral issue? After all, let us come down to the finite proposition of how much money do you have, how much do you need, what is the difference between what you have and what you need, and where are you going to get it?

Mr. MAY. You have been referring a good deal to this deficit of \$196,000,000, and I am trying to ascertain the credits that might be due the Railroad Administration, if the gentleman is informed, for services rendered to the Government.

Mr. DEWALT. There is nothing in this report, so far as I can ascertain, which gives any detailed statement as to the charge for carrying troops and the amount of credit.

Mr. MAY. Does not the gentleman realize that that would be a pertinent inquiry?

Mr. DEWALT. I think it would be.

Mr. TILSON. As a matter of fact, were not the usual charges made to troops as would be the case with other large numbers of people traveling?

Mr. DEWALT. Except that the troops traveled at 1 cent a mile.

Mr. MAY. Other people paid 3 cents.

Mr. CANNON. Mr. Chairman, I will ask the gentleman from Kentucky to yield 10 minutes to my colleague from Illinois [Mr. DENISON].

Mr. SHERLEY. I have used all the time I had.

The CHAIRMAN. All time has expired.

Mr. CANNON. I ask unanimous consent, Mr. Chairman, that my colleague may have 10 minutes.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that his colleague [Mr. DENISON] may proceed for 10 minutes. Is there objection?

There was no objection.

Mr. DENISON. Mr. Chairman and gentlemen of the committee, the gentleman from Missouri [Mr. DYER] spoke a little while ago about certain propaganda that was going over the country to try to influence Members of Congress in reference to the proposed legislation extending the Government control of railroads for a period of five years. In that connection I want to ask the Clerk to read in my time a short press report that I clipped from the Washington Post of January 28.

The CHAIRMAN. Without objection, the Clerk will read.

Mr. LARSEN. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Georgia objects.

Mr. LARSEN. I have no objection to the gentleman's incorporating it in the RECORD.

Mr. DENISON. I will read it myself, to satisfy my friend.

Mr. LARSEN. I object.

The CHAIRMAN. Does the gentleman from Georgia mean to object to his reading it himself under the rule?

Mr. LARSEN. Yes.

The CHAIRMAN. The objection is sustained. The present occupant of the Chair was of the opinion that the gentleman

from Illinois had the right to read it in his own time, but the parliamentary clerk suggested that the rule was the other way, and he is more familiar with it than the Chair.

Mr. MANN. In the old days that was true. But now you might just as well say a man can not read a bill on the floor of the House. That has not been the practice since I have been a Member of the House. That used to be the old, old practice, but it never was a rule.

The CHAIRMAN. Has the gentleman any precedent to show that? It is very plain here in the rule as cited by the parliamentary clerk. Rule XXX is very clear on that.

Mr. WALSH. Mr. Chairman, is there not also a rule that if objection is made the question can be submitted to the committee?

The CHAIRMAN. There is.

Mr. WALSH. I move that the gentleman from Illinois be permitted to read the article as requested.

The CHAIRMAN. The question is on the motion of the gentleman from Massachusetts [Mr. WALSH] that the gentleman from Illinois [Mr. DENISON] shall be permitted to read the article.

The motion was agreed to.

The CHAIRMAN. The gentleman from Illinois will proceed.

Mr. DENISON. It is a quotation from Mr. McAdoo. I can not understand why there should be an objection to it by the gentleman from Georgia. I read:

ASKS RAIL CONTROL TO AID WATERWAYS—McADOO URGES NECESSITY OF COORDINATING TWO TRAFFIC SYSTEMS.

SANTA BARBARA, CAL., January 27.

W. G. McAdoo, former Director General of Railroads and former Secretary of the Treasury, made public to-day a telegram in which he urged five-year Government control of the railroads as a necessity for the development of inland waterways and for the coordination of the railroads and waterways with the new American merchant marine.

The telegram was sent in response to an invitation to attend an inland-waterways meeting to-day at Defiance, Ohio.

The message said, in part:

"It seems to me futile to expend great sums of money on the development of our inland waterways unless our Government adopts an intelligent policy about railroad control. The future of waterways development is absolutely dependent upon a government control which will enforce the operation of the waterways and the railroads as a coordinated and articulated system which will give the people the benefits of an efficient combination of water and rail facilities.

"Upon the return of the railroads to private ownership, which must be made within the 21-months period, as the present law provides, the cut-throat competition of the railroads under private control with the partially developed waterways will effectively destroy water transportation as heretofore and the people's investment in these facilities will continue to be of little if any value.

"I have urged the Congress to extend the period of Federal control of the railroads for five years because that will give us time to develop some of the most important existing water routes, coordinate them with the railroads, and prove their worth as a part of a great American transportation system.

"The powerful and sleepless forces of reaction are solidly arrayed against this plan. They will defeat it unless the American people are aroused to the situation. My suggestion to you and your associates is that you press upon the attention of the Congress the importance of the five-year control."

Now, I have read this telegram of Mr. McAdoo, which the paper states he himself gave to the press, as pertinent to this question of propaganda that is going on over the country to try to influence Members of Congress to vote for this proposed five-year extension of Government control of railroads. Of course we all know—

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DENISON. No; I have not the time to yield. We all know that there are a great many people in this country who are interested in the development of inland waterways all through the Mississippi Valley and the West, and Mr. McAdoo is evidently trying to enlist the support of all those who are interested in inland waterways in using their influence with the Members of Congress to get us to grant this five-year extension of Government control, in order to get what they want done on the waterways.

I mention this and insert it in the RECORD here also for another purpose. When Mr. McAdoo resigned from his dual position with the Government he gave as one of his reasons for doing so that he was war weary and worn out and needed a rest. He wanted to get "far from the madding crowd's ignoble strife" and recuperate; and so he wrapped his mantle about him and silently stole away to sunny southern California, where the flowers bloom perpetually and the turmoil of politics disturbs not one's rest and reflections.

Mr. WELTY. Mr. Chairman, will the gentleman yield?

Mr. DENISON. I supposed, and most of us supposed, that he was going out there to get away from this perplexing railroad question. But we see every day or two Mr. McAdoo sending a telegram or making a statement, which he invariably gives to the press, in which he urges some interest here, or some interest

there, or some interest in some other part of the country, to get busy with Members of Congress and urge us to allow his five-year extension of Government control.

All of which shows that while Mr. McAdoo has resigned from the offices he held, he has not resigned from his interest in the continued control of the railroads by the Government. And while he allowed the President to appoint his successor as Secretary of the Treasury—a good appointment, too—he himself selected his successor as Director General of Railroads; and the new Director General of Railroads was careful to make a public statement on the day of his appointment to the effect that he was going to carry out Mr. McAdoo's policies. I think that Mr. McAdoo, while he is resting in southern California, still has his fingers on the wires that lead to the different agencies of the agitation that is going on over the country.

Mr. WELTY. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. WELTY. Do you know why that telegram was sent?

Mr. DENISON. I think it is very evident on its face why it was sent.

Mr. WELTY. Does not the gentleman know that it was sent in response to an invitation to attend that meeting?

Mr. DENISON. The paper so states; but they did not invite him to go to the newspaper reporters and give his telegram to the newspapers before it was sent. [Applause.]

Now, as to this bill now under consideration: I will vote for it, because it seems to be necessary under the obligations we assumed when we took over the railroads. I will never vote to repudiate any obligation of the Government, however expensive it may be. But this experiment in Government operation of the railroads is going to prove a terribly expensive one to the taxpayers of the country. What we should do is not to pass any more merely temporary legislation on the railroad question, but to get busy as soon as possible and pass such necessary permanent legislation as will properly protect the interests of the railroad employees and the public and enable the railroads to operate their own properties under wise Government regulation.

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That to supply a deficiency in the appropriation for carrying out the act entitled "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918, there is appropriated, out of any money in the Treasury not otherwise appropriated, \$750,000,000, which shall be in addition to the appropriation of \$500,000,000 made in section 6 of said act, and shall be subject in all respects to the same authority for, and restriction of, expenditure as the said \$500,000,000.

Mr. RAYBURN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. RAYBURN offers the following amendment: Page 2, line 3, after the figures "\$500,000,000," insert: "Provided, That that part of section 14 of the Federal control act, approved March 21, 1918, before the first proviso, shall be amended to read as follows: 'That the period of Federal control of railroad and transportation systems herein and heretofore provided for shall continue until December 31, 1919.'"

Mr. SHERLEY. I make a point of order against that amendment, Mr. Chairman.

Mr. MANN. What is the point of order?

Mr. SHERLEY. That it is legislation on an appropriation bill.

Mr. MANN. It will not take a minute to dispose of that. This is not an appropriation bill.

Mr. SHERLEY. I insist that it is an appropriation bill.

Mr. MANN. It is true that it appropriates money.

Mr. SHERLEY. It is a deficiency appropriation bill, and not a bill that legislates in the slightest degree.

Mr. MANN. In the first place, the gentleman is mistaken about what the bill is, although he ought to know.

Paragraph 2 of Rule XXI says:

No appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto—

And so forth—

nor shall any provision in any such bill or amendment changing existing law be in order.

Now, what is this bill? Is it a general appropriation bill? Why, the gentleman from Kentucky admitted that it was not. He came before the House and asked unanimous consent to call it up. This bill was introduced through the basket. It is not a general appropriation bill, and I do not think the gentleman from Kentucky will contend that it is one of the general appropriation

bills. Not only that. The bill itself provides legislation. The bill first makes an appropriation of \$750,000,000. Then it says—which shall be in addition to the appropriation of \$500,000,000 made in section 6 of said act, and shall be subject in all respects to the same authority for, and restriction of, expenditure as the said \$500,000,000.

That is not an appropriation. That part of this bill is legislation. Of course, the whole bill was subject to a point of order. There is no authority of law for this appropriation. No one will contend that there is any authority of law for the appropriation. And being itself subject to a point of order, not being a general appropriation bill, and containing legislation as it does, any amendment which is germane to the subject matter of this bill is in order.

The CHAIRMAN. Does the gentleman from Kentucky desire to be heard on the question?

Mr. SHERLEY. Mr. Chairman, I agree with part of what the gentleman from Illinois has said. I do not think this is a general appropriation bill, and in introducing the bill through the basket and in asking unanimous consent for its consideration, I did so not believing it was a general appropriation bill. I was under the impression—perhaps I should have known better—that the rule against legislation was a rule against legislation upon an appropriation bill rather than a general appropriation bill. In these closing weeks of the session I have not had much time to keep in mind particular rules of the House. Looking at the rule I find it relates to general appropriation bills. Inasmuch as this does not seem to be a general appropriation bill, the point of order that the amendment is legislation would seem not to be well taken. With the permission of the Chair, before waiving the point of order, I should like to have the amendment read again.

The CHAIRMAN. Without objection, the amendment will be again reported.

The Clerk read as follows:

Amendment by Mr. RAYBURN: Page 2, line 3, after the figures "\$500,000,000" insert "Provided, That that part of section 14 of the Federal control act approved March 21, 1918, before the first proviso, shall be amended to read as follows: 'That the period of Federal control of railroads and transportation systems herein and heretofore provided for shall continue until December 31, 1919.'"

Mr. SHERLEY. Mr. Chairman, I make the point of order that the amendment is not germane to the bill.

Mr. MANN. Here is an appropriation to appropriate \$750,000,000 for the year ending June 30, 1918, practically. It appropriates \$750,000,000 in addition to the \$500,000,000 already appropriated. Now, to say that as a proposition germane to that we can not provide as to the time when these roads shall be returned, or how long they shall be kept by the Railroad Administration, seems to me preposterous. That is what the money is for. When we appropriate money we have the right to say how long they shall keep the roads.

Mr. SHERLEY. With due deference to what the gentleman from Illinois says, I submit that the bill before the House is not a bill undertaking to deal with the policy of the Government in connection with railroads. It is not a bill that undertakes to legislate on the general subject of railroads. It is a bill making an additional appropriation.

Mr. MANN. Which is not authorized by existing law.

Mr. SHERLEY. That may be, but even if the matter be subject to a point of order, the rule is that an amendment must be germane to the matter that is pending, and the fact that the matter pending might be subject to a point of order does not throw it open to any sort of an amendment without germaneness.

Mr. MANN. I fully agree with the gentleman, but what I mean is that there being no authority of law for this appropriation, no law having provided for it, we then propose to appropriate \$750,000,000 for the support of railroads, and an amendment is in order saying how long that money may be used, which is in effect saying how long the railroads shall be controlled by the railroad administration.

Mr. SHERLEY. I do not think the situation is as the gentleman states. This is not simply a bill proposing to appropriate without regard to law for railroads. It is a proposition to appropriate \$750,000,000 for the same purpose that the \$500,000,000 was appropriated. I submit that if the original bill had been pending by which the \$500,000,000 was appropriated it would not have been in order to amend that particular paragraph and put in a provision as to the time; that would be properly related to the part of the railroad act which fixed the time. If the entire matter were pending here it would be in order at some place to offer an amendment, but to hold that it is germane to offer an amendment as to the time of control and the return of the railroads would simply mean that this

appropriation provision carried here throws open the entire subject matter and that every matter is germane to the provision. For instance, under such construction you might offer a provision that certain rates should be in existence for a given period simply because we are appropriating money; that would be to throw the matter wide open without any limit.

Mr. MANN. It would be in order to add a provision that no part of the money—not as a limitation—should be expended to a certain date; and in the original bill, where the \$500,000,000 was appropriated, it was quite in order to offer an amendment providing that the railroads should not be under the control of the Government beyond a certain period. No such amendment was offered, because there was another place in the bill where that provision was carried. But to say that we have not authority to say how long this money shall be available, how long the power that uses it shall be in control, I must say is beyond my comprehension.

Mr. SHERLEY. The gentleman must realize and distinguish between what is desirable and what the rules provide.

Mr. MANN. I mean as a germane proposition.

Mr. SHERLEY. It may be in a general appropriation bill that it is altogether beyond the comprehension that a man would vote for certain moneys without putting legislation with it, and yet we constantly do it. Now, I submit, there is presented to this House the question of appropriation in accord with the appropriation that is made in the original act, and that that does not open up the entire field of legislation in connection with railroad control.

Mr. MANN. The gentleman still has in his mind that this is a part of the regular appropriation. This is legislation.

Mr. SHERLEY. I conceded that it is not a general appropriation bill to which that particular rule applied, but I make the point of germaneness.

Mr. BARKLEY. Mr. Chairman, may I make this suggestion in regard to the point of order? It is well settled under the rules of the House that if a bill is before the House amending a certain act of Congress it is not germane to offer an amendment affecting another act of Congress. Likewise, if a bill is before the House amending a particular section of any act of Congress, it is not germane to offer an amendment affecting another section of the same act of Congress.

The bill under consideration in effect amends section 6 of the railroad-control act by increasing the appropriation made available in the section appropriating \$500,000,000 by increasing it to \$1,250,000,000. Therefore the amendment offered by the gentleman from Texas is in effect to repeal another section of the act known as the railroad-control act.

Therefore, supplementing the argument of my colleague from Kentucky [Mr. SHERLEY], who made a point of order upon the subject of germaneness, the amendment is not in order, because in effect it repeals another section of the same act, which is not touched in the bill under consideration, and therefore is not germane under that rule of the House.

The CHAIRMAN. What does the gentleman say on the proposition that this is a limitation on the length of time within which this money can be used?

Mr. BARKLEY. I say that it is not a limitation. The amendment simply seeks to force the railroads back upon the private owners upon the 1st of next January, which is not a limitation upon the appropriation. The entire \$750,000,000 might be expended if that amendment were agreed to, and therefore it could not be a limitation, provided it was expended this year and the railroads were turned back the 1st of January next. It is not, strictly speaking, a limitation upon the appropriation. It is substantive legislation changing existing law touching the period of Government control.

Mr. SHERLEY. Mr. Chairman, if the Chair will permit, touching the suggestion contained in his inquiry there is no effort made by the language of the amendment of the gentleman from Texas [Mr. RAYBURN] to put a limitation upon the time of expenditure. It would not follow because the railroads were turned back that the money could not be expended. The expenditure of money bears no direct relationship, either of general law or parliamentary law, to the time when the roads shall be turned back.

Mr. BLACK. Is it not true that if the roads are turned back on December 31, 1919, and any of this money remains unexpended that it would then be turned into the Treasury?

Mr. SHERLEY. It is not true as a legal proposition in any sense. It would probably be true as a practical proposition, but it is not true as a legal proposition. The gentleman from Texas [Mr. RAYBURN] made no effort to put it in the form of a limitation upon the expenditure. He put it in the form of a direct amendment of a provision of existing law contained in the railroad-control act.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SHERLEY. If I had the time, I think I could find the Chair repeated precedents where the fact that a particular section of law is before Congress does not make it in order as an amendment to that section to amend other sections of the law.

Mr. MANN. Mr. Chairman, both of the gentlemen from Kentucky seem to me to labor under a misapprehension as to what this bill is. This is not a bill amending a particular section of the railroad-administration act. The gentleman says in effect that it does something. Very well. That is not within the rule; it is not a question of effect at all. The effect may be a great many different things from what legislation is. Where you have a bill directed toward the amendment of a particular section of a law it does not open the door to amend the law generally; but this is not directed to the amendment of any section of the law.

Mr. SHERLEY. In that connection, if he will read the bill—

Mr. MANN. Oh, do not say "if he will read the bill," for I have read it a dozen times.

Mr. SHERLEY. The gentleman is unduly sensitive. I did not say that in any offensive sense. I suggest that if the gentleman will read the bill he will find on line 7 and following a direct reference to section 6 of said act. It is an amendment of that act by increasing the appropriation from \$500,000,000 to \$750,000,000.

Mr. MANN. The only direct reference to section 6 of the act is on the top of page 2, not where the gentleman refers to it at all, and there it is part of legislation stating that this appropriation shall be expended in the same way that the appropriation carried in section 6 was to be expended. That is not an amendment of the act and it does not purport to be. The gentleman has stated this is an appropriation and he has repeated now that this is an appropriation, and in the same minute says it is pure legislation; that it is an amendment to a legislative act.

Mr. SHERLEY. Of course, I do not think I said any of those things the gentleman says I have.

Mr. MANN. I understood the gentleman to say them.

Mr. SHERLEY. If the gentleman will permit, the reason I referred to line 7 on the first page is that, starting there, the bill states:

There is appropriated, out of any money in the Treasury not otherwise appropriated, \$750,000,000, which shall be in addition to the appropriation of \$500,000,000 made in section 6 of said act.

Now, that would be just the same as if you had said that you amended section 6 of such act by increasing the amount therein appropriated from \$500,000,000 to \$1,250,000,000.

Mr. MANN. Certainly the gentleman might have brought a bill to the House—

Mr. SHERLEY. I think I have.

Mr. MANN. Might have reported a bill to the House to amend section 6 of the original act and no one would pretend that it was an appropriation bill. It would be a legislative bill and clearly open to amendment. Now, the gentleman seeks to claim it is an appropriation bill in one minute and a legislative bill in another minute, and hides behind a technical defense which does not lie, because this is not an amendment to the original act. It is to supplement the original act.

The CHAIRMAN. The Chair is ready to rule. The Chair believes it is agreed by all that this does not come under the head of a general appropriation bill, and therefore the question of new legislation does not apply. The only question, then, is as to the germaneness of this particular amendment to the bill. Let us just see what this bill proposes to do. It says:

That to supply a deficiency in the appropriation for carrying out the act entitled "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918, there is appropriated, out of any money in the Treasury not otherwise appropriated, \$750,000,000, which shall be in addition to the appropriation of \$500,000,000 made in section 6 of said act, and shall be subject in all respects to the same authority for, and restriction of, expenditure as the said \$500,000,000.

Now, what is this "restriction of expenditure" in the original act to which the "said \$500,000,000" is to be "subject in all respects"? By referring to the original act the Chair observes that in section 14 of the act the limitation on the period of control of the railroads is to be one year and nine months after the duration of the war. And if this bill becomes a law in its present form the \$750,000,000 appropriated will be subject to that limitation of time.

Now, the gentleman from Texas proposes by his amendment to change this limit and terminate control on December 31, 1919. It seems to the Chair that such an amendment is entirely ger-

mane to the bill, and the Chair overrules the point of order. The question is on the amendment.

Mr. ESCH. Mr. Chairman, I desire to offer a substitute to the amendment offered by the gentleman from Texas.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on his amendment?

Mr. SHERLEY. I did not know the gentleman wanted to be heard.

The CHAIRMAN. The gentleman is on his feet.

Mr. RAYBURN. I am willing for the gentleman's substitute to be read.

The CHAIRMAN. The Clerk will read the substitute.

The Clerk read as follows:

Substitute offered by Mr. Esch: Add to the bill the following proviso: "Provided, That the President shall not relinquish such control to their owners prior to July 1, 1920, without further legislation by Congress."

Mr. RAYBURN. Mr. Chairman—

Mr. GARRETT of Tennessee. Mr. Chairman, I reserve the point of order on that.

Mr. MANN. Let us dispose of the point of order.

Mr. RAYBURN. I would like to have the point of order disposed of before I begin my remarks.

Mr. GARRETT of Tennessee. That, of course, is legislation and not a limitation upon an appropriation bill.

Mr. MANN. This is not an appropriation bill.

The CHAIRMAN. The gentleman from Tennessee has not been in the Chamber. This is a legislative bill and comes under the legislative rules. Everybody, even the chairman of the committee, admits it is not a regular appropriation bill, so the rules applying to an appropriation bill don't apply.

Mr. GARRETT of Tennessee. Does the Chair overrule the point of order?

The CHAIRMAN. If the gentleman desires to make the point of order, the Chair will overrule it.

Mr. GARRETT of Tennessee. I make it.

Mr. BARKLEY. Does the gentleman say that it will be in order on the ground it is a limitation of the appropriation, on the ground that he held the amendment of the gentleman of Texas—

The CHAIRMAN. That this is no general appropriation bill. The Chair overrules the point of order.

Mr. RAYBURN. Mr. Chairman, as far as I am individually concerned, I would like to see the railroads go back to private control to-morrow.

But I know, as everybody else does who is acquainted with the situation, that that is entirely impracticable. I believe that 12 more months will give us sufficient time to enact whatever needed legislation, that we may turn the railroads back to private control. I have heard a good deal said here about an extra session of Congress. I say to you that it would be very convenient indeed to me, and it would be a source of great gratification to spend nine months away from Washington, and if I consulted my personal wishes in the matter that is what I would want to do. But with as much reconstruction legislation before us as there is, entirely untouched by this Congress, I believe it would approach a crime for the Congress to remain away from Washington until December 1, 1919.

There should, indeed, be legislation passed before the railroads are turned back to private control. I believe the Congress will be called in extraordinary session some time between now and the 1st of July of this year. I think, therefore, gentlemen, that with Congress meeting there should be a milestone to which it should work. It would make us definite as to the time at which we must pass any legislation, if any is to be passed; it would give the railroads themselves and everybody connected with them to understand when they were to get their property back, and they could get their house in order in that way. Therefore I think that at the end of this calendar year should be the time and not the middle of a calendar year, as suggested in the substitute of the gentleman from Wisconsin [Mr. Esch]. It appears to me that as we are dealing with the railroad question, and as we have been treating with the railroad question based upon the calendar year, it would be much more fortunate if we would turn the railroads back to private control at the end or at the beginning of a calendar year.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. RAYBURN. Yes; I will.

Mr. GARRETT of Tennessee. I want to see if I get clearly in mind the situation that is now before the committee. The amendment proposed by the gentleman from Texas is that the appropriation that is made herein shall not be made available beyond December 31 of this year?

Mr. RAYBURN. No. My amendment is that the Government control of railroads shall terminate December 31, 1919.

Mr. GARRETT of Tennessee. Oh, well; then perhaps I have misunderstood. I thought the amendment was that the appropriation should not be available beyond that time.

Mr. RAYBURN. It has that effect also, but I was quoting the language of the amendment.

Now, Mr. Chairman, this lesson in Government operation of railroads has, indeed, been a costly and a bitter one. It is going to cost us millions upon millions of dollars to ever get out of this thing. I believe that we will at least be partially compensated, if not more than compensated, for all the money we have put into this thing and all the money that we will lose, by an actual demonstration to the American people of the heresy of the whole idea of Government ownership of railroads. [Applause.] If growing out of this war can come two things that I believe will come, we will, to some extent, be compensated; not for the blood, of course, that has been shed, but for the treasure that we have put into it.

I believe, as I have just said, that it is the death knell, at least for a generation, of the Government ownership of railroads. And I believe along with that will also be sounded the death knell of another thing that I believe would destroy this Republic in the end, and that is another heresy, another companion of autocracy—universal military service. I believe that if this great and costly lesson, this experience, that we have had, can kill these two things, then we will indeed be to a great extent compensated for this bitter lesson. I hope, therefore, this amendment may be adopted.

Mr. ESCH. Mr. Chairman, section 14 of the Federal control act gives the President the power to relinquish the railroads or systems of transportation prior to the 1st day of July, 1918, or gives him the power in agreement with the owners to relinquish them, or he can relinquish them on his own motion. The purpose of the pending amendment offered by myself is that the President shall not relinquish such control to the owners prior to July 1, 1920, without the Congress having first legislated with reference to them. I am persuaded to offer this amendment because of this paragraph in the President's annual message delivered at the opening of this Congress. He was talking about the railroad situation:

Let me say at once that I have no answer ready in the solution of the problem.

He said he had no confident judgment of his own.

The only thing that is perfectly clear to me is that it is not fair either to the public or to the owners of the railroads to leave the question unanswered, and that it will presently become my duty to relinquish control of the roads, even before the expiration of the statutory period, unless there should appear some clear prospect in the meantime of a legislative solution.

I believe that with the amendment I have offered Congress will be given the opportunity of determining upon a legislative solution. The amendment offered by my colleague [Mr. RAYBURN] asks for a relinquishment of the roads by the 1st of January next, irrespective of whether or not Congress shall have enacted the necessary legislation so that they can go back into private ownership without destruction, without the fear of bankruptcy, and without the disturbance of business.

I do not know whether there will be an extra session or not. Nobody here seems to know. If there is no extra session, then there will be only one month, the month of December, in which Congress could pass legislation to turn the roads over by the 1st of January. That is a contingency which we ought to avoid. Under the amendment I have suggested we will have the extra session, if an extra session is called, to consider this legislation, and we will have the long session beginning next December to consider the problem, and I am confident that Congress will find a solution of it before the 1st day of July, 1920. [Applause.]

Mr. SIMS. Mr. Chairman, whenever you mention Government ownership you make some people very happy and you make some other people almost froth at the mouth with anger.

Let me say to you, gentlemen, if you will look into history, you will find that Government ownership of railroads has rarely ever come about by reason of anybody's favoring it as an academic question, nor has it been prevented by opposing it in the same way. It comes by reason of circumstances and conditions in spite of the opinions of men. It is but a little while since Mr. Ackworth, of England, one of the most celebrated private-ownership advocates in the world, came before our joint subcommittee in opposition to Government ownership of railroads in this country, and while he was here denouncing it England determined to go to Government ownership, not as a matter of argument or choice, but as a matter of compulsion growing out of the war conditions.

Mr. ESCH. The nationalization of the railroads in England has not been done yet by any act of Parliament. It is only a declaration of Mr. Winston Churchill the other day—

Mr. SIMS. No bill has passed, but the English Government have come to the conclusion that it will have to be done, Mr. Ackworth to the contrary notwithstanding.

Mr. ESCH. That is quite different.

Mr. SIMS. I am not unalterably opposed to Government ownership, as is the gentleman from Kentucky [Mr. SHERLEY]. I am not unalterably opposed to private ownership. I am not unalterably in favor of either the one or the other, but I am unalterably in favor of doing whatever is necessary for the good of the whole country, regardless of the prejudice and ignorance of some individuals. Those countries that have government ownership do not have exclusive government ownership. They have government ownership in part and private ownership in part, and both systems are operated in the same countries, and neither has destroyed the other. When we had the bill up for consideration for operation of the railroads for war purposes some gentlemen came to me and said, "I am for this bill because it means Government ownership." I said, "You do not know what will be the result. If it is a great success, it may be used as an argument in favor of continuing it permanently. But if it is not a success in the opinion of the people it will be used as the greatest argument against Government ownership that has ever been presented." The railroads were not taken over to bring about Government ownership nor to prevent it. The gentleman from Kentucky [Mr. SHERLEY] stated succinctly and clearly and with sufficient elaborateness why it was necessary to take over the operation of the railroads in order to win the war. It furnishes no conclusive argument either in favor of or against permanent Government ownership as a policy of the country in time of peace.

Mr. BLACK. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. BLACK. How long does the gentleman think the Government ought to keep the railroads?

Mr. SIMS. I am opposed to both the proposed amendments. I gave this question the most deliberate consideration when the law was passed which required the roads to be returned in not more than 21 months after the proclamation of peace. Nineteen hundred and twenty will be no time for legislation on the whole railroad problem, and we all know it, for each one of you will advocate the theory most popular in your district, and no one can tell what will happen during the period of reconstruction, when we will have to legislate on what will be absolutely necessary on account of return of peace conditions and railroad legislation will figure only indirectly in the reconstruction program.

I have read and studied carefully the position of Mr. Walker D. Hines regarding this question. He has been a railroad man all his life and is one of the ablest railroad lawyers in the United States. He makes what I regard as an unanswerable argument in favor of the proposition that it will be best for the railroads and best for the country that Government control should be continued beyond the election in 1920, so as not to make it a Democratic or Republican issue or any other kind of political issue. I placed in the Record to-day, with the consent of the House, an address by Judge Prouty, director general of railway valuation, who was on the Interstate Commerce Commission for many years, and nobody has a doubt as to his honesty, ability, and sincerity, and he says that Government control ought to continue for at least three years, and gives reasons ample, able, and practical why the Government should continue its control. I am opposed to both amendments and ask that both be voted down. [Applause.]

As an extension of my remarks, for which I have consent, I beg to say that the practical solution of rail and waterway transportation problems can not be reached in a day, nor in a month, nor in a year, nor in two years, if the solution is to be a wise and a practicable one. The present system, or rather lack of system, is the haphazard growth of three-quarters of a century in the experiment of attempting to perform Government functions and the discharging of Government duties to the whole people through private profit-seeking corporate agencies. It has not been a complete failure nor has it proved to be a complete success. But no country can develop to its capacity without the highest and most successful development of its transportation facilities.

In the very nature of things the public interest requires the greatest amount of service for the least possible expenditure. On the other hand, private interest and private investment seek to secure the largest possible profits in its investments in proportion to service rendered. There always has been and there always will be irrepressible conflicts between public and private interests in all attempts on the part of governments to discharge their proper and legitimate functions

through private agencies, which agencies are to receive their reward by permitted exploitation of the people served by them. Such relations are unnatural and never have been and never will be satisfactory to the public so exploited.

The people have a right to demand, and are demanding, that transportation be furnished at its actual cost; and if this can not be done without Government ownership they are ready to pay the price. The people are getting tired of having their burdens increased simply to further increase the incomes of idle capitalists on their idle capital. We hear much of what ought to be done to attract the idle capital of the idle capitalists, but the sum and substance of what should be done, from the railroad viewpoint and all those who agree with them, is simply to increase rates; and if in this way you do not at first succeed, then "try, try again." Every increase of rates means that the carrier gets more money than he has been getting for doing exactly the same thing. The increase thus given the carrier, without increased or additional service rendered, is in its very nature an unearned increment, except to the extent of increased costs of operation, if any. But interest on bonds and dividends on stocks are in no sense costs of operation justifying increased rates to meet same, and should never be considered in rate making further than to avoid a confiscatory rate. If I loan money on a farm and take a mortgage to secure it, I have no right to have any voice in the rent a tenant should pay the owner of the farm, nor has the owner any right, legal or moral, to increase the rental rate on the farm simply because he has for his own benefit placed a mortgage on the farm. So far as the tenants of a mortgaged farm are concerned, the interest on the mortgage is in no sense a fixed charge as against the tenant that in law or morals can justify an increased rental charge. The tenant is the patron or user of the farm just as the freight payer or passenger is the patron and user of the railroad; and the fact that the road is or is not mortgaged cuts no figure as to the amount the road is to receive for its services.

The mortgage debt and accumulated interest constitute a fixed charge on the farm only as to the owner who made the mortgage. But if the farm owner can not pay the interest, taxes, and other charges on the farm he has no right to increase his rent charge simply in order to enable him to do so. The lender of the money has his remedy by foreclosure and sale of the farm, and the only remedy the owner of the farm has is to sell the farm and in this way end his unwise investment. If the produce grown on the farm should so advance in price as to materially reduce the quantity of such produce necessary to pay the rental charge, it would be but justice to the owner of the farm to increase his rent proportionately, regardless of whether or not the farm was mortgaged.

In so far as applicable the same relation exists as between the bondholder and the patrons of the railroad. The rates, fares, and charges have no relation to the bonds or interest on bonds. The rates and charges have relation only to the service rendered and received. But on account of stocks being issued with a par money value expressed in the face of the stock certificate, the public mind has come to regard it as a certificate of financial investment instead of a certificate of title or ownership in the particular corporation issuing it. It is in effect similar to a deed to an undivided interest in a tract of land, but instead of saying "one-twentieth undivided interest," it says in effect "one hundred dollars" in the total value of the whole corporate property of the issuing corporation. When these shares of stock are dealt in on the stock markets they are quoted at so many dollars per share, but the share being measured in terms of money instead of in terms of corporate ownership, the stock is in this way regarded by the public as indicating whether or not the issuing road is in good or bad financial condition. Nearly all stock shares are issued in the par value of \$100 per share, and the unsophisticated public read it and understand it to mean that the issuing corporation has received \$100 in money for the one share of its capital stock, and that this \$100 is in the treasury of the corporation or has been invested in permanent tangible property devoted to corporate uses.

From this conception of stock issues, when a share of stock in a railroad company is quoted at less than \$100 the public mind automatically jumps to the conclusion that the particular railroad company is a losing proposition and the stock in it is a bad investment. If, on the other hand, the \$100 share of stock is quoted in the stock market at above par, the public jumps to the conclusion that that particular railroad is prosperous and that its stock is a good investment. This condition of the public mind has been used in stock manipulation in such a way as to boom or depress a particular stock on the stock exchange, with no regard whatever to the real financial condition of the issuing corporation. These stock manipulations

have so adversely affected the market value of railroad stocks as to greatly impair the credit of railroads, in so far as the daily stock sales quotations are concerned.

If anyone will take the trouble to look at the daily quotations of railroad stocks on the New York Stock Exchange, he will see that a very small per cent of the stocks of railroads are quoted at or above par. This situation leads to the belief on the part of the public that railroad property is actually declining in value, when, in fact, such is not the case. In nine cases out of ten the railroad corporate property is not worth in excess of its bonded indebtedness and the unmanipulated market value of its stocks.

The organized security holders, or those claiming to represent \$17,000,000,000 of bonds and stocks in railroads, have the hardihood and the boldness to ask Congress to pass a law requiring the Interstate Commerce Commission to allow the railroads to put in schedules of rates and fares that will, in effect, guarantee such a return on railroad property as will, in the minds of investors, make their securities more desirable than any other competing forms of security investments in the money markets of the world. Such a proposition, in practical effect, means to take from those who have but little and give those who have much in order that they may have more abundantly.

All increases in rates must be borne by either the producer or the consumer, or by both. If the rates on wheat from the Mississippi River section to the Atlantic seaboard section are increased by 10 cents per bushel, the farmer producing the wheat must sell it at 10 cents lower per bushel if the price of flour on the Atlantic seaboard is not to be increased. But if the wheat grower does not sell his wheat any lower, then the consumer of flour on the Atlantic seaboard has got to pay 10 cents higher for the flour from a bushel of wheat than he did before the freight rate was increased. But what will more probably happen will be that the farmer will sell wheat 5 cents lower and the consumer will pay 5 cents higher for his flour.

If we look into the history of railroad construction in its pioneer stages in this country, it will be found that as a general rule the initial stock issues were equal to or exceeded the investment values of the railroads. In other words, the corporate property values were not more than, but more often were much less than, the stock issues of the companies. On this account new or additional issues of stocks did not find ready sale. When such was the case resort was had to issues of bonds secured by mortgage on the corporate property, and quite often a bonus issue of stock was made and the purchaser of a bond received a certain amount of this stock as a bonus. The corporation thus increased its indebtedness and also increased its stock issue without increasing its corporate property by the sum of its stock and bond issue. Such a course of financing could not result otherwise than to reduce the market value of all the outstanding stock, unless in the meantime the unearned increment in the value of the corporate property had increased equal to the bonus stock issue. This was rarely the case. Often the bonds so issued were sold to a construction company for below par, or else a contract was made with the construction company so much above what the construction was really worth and paid for in the bonds of the railroad company at par. Often, after the pioneer stages of stock and bond issues had passed, the credit of the particular company had been so impaired that a receivership followed and refunding operations were resorted to, by which the outstanding bond issues were reduced in order to reduce fixed charges, but often the stock issues were really increased to such an extent that even after receivership and refunding operations were resorted to there remained an outstanding stock and bond issue far in excess of the then actual value of the corporate property.

The history of private corporation ownership, construction, and operation of railroads in the United States shows that the failures, the receiverships, the refunding operations, the foreclosure proceedings, watered-stock issues, and other high-finance schemes that have been resorted to exceed those of all the rest of the world combined, exclusive of England, where private ownership has heretofore universally prevailed, but where private ownership is soon to end and forever.

As late as 1916, in a hearing held by the Joint Subcommittee of the Senate and House, commonly referred to as the Newlands committee, it was authoritatively stated that more than 40,000 miles of railroads in the United States were then in the hands of receivers. A mileage exceeding the total mileage of all roads in England, Wales, Scotland, and Ireland combined, exceeding the total mileage of all of the Republic of France, exceeding by two or three times the total mileage of Italy, and equal to or nearly equal to the total mileage of all railroads in the German Empire. I defy any man to point out a single case where a receiver was appointed that the condition of the railroad for which

the receivership was sought was alleged and proven to be due to and caused by any act or order of the Interstate Commerce Commission, or any act or order of any State commission, or to any law passed by Congress or by any State legislature.

There were many receiverships prior to the passage of the act by Congress creating the Interstate Commerce Commission and prior to the creation of any State commission.

Mr. Chairman, there has existed for many years a general belief that the railroads in this country are vastly overcapitalized. The existence of this belief started the movement that finally resulted in the enactment of the law by Congress for the physical valuation of the railroads. That work has been carried on now for several years and is now approaching completion. If this physical valuation when finished convinces the public that the railroads are not overcapitalized, and thus removes from the minds of the people their firm conviction to the contrary, the result will justify the vast expense incurred in connection with the valuation work. It will do more to bring about that state of good feeling and cooperation that ought to exist between the railroad corporations and the public than anything else that I can imagine. But, on the contrary, if it does show what the public generally believes, that the railroads are vastly overcapitalized and that the people for all these many years have been paying rates on a vast volume of watered stocks and bonds, nothing can prevent or stay the public demand for the immediate condemnation and taking over of the railroads in this country by the Government.

In that way the water can all be squeezed out, and even if the Government should immediately sell or lease the roads to private corporations for operation it could do it on such terms and conditions as would thereafter forever prevent any future capitalization of any unearned increment or any rate making based on increased value of rights of way and tangible terminal property, and as proprietor could and would require such terms and conditions of operation and service as would tend to develop the country as a whole, and would regard all the railroads in the United States as a single national instrument of transportation in cooperation with all inland river and lake waterway transportation facilities, and require the railroads to also cooperate with all coastwise ocean transportation companies, and also all American chartered and owned overseas ship transportation companies in such a way as to make for the building up and maintaining of the greatest possible domestic and foreign commerce of the United States.

As the Government-controlled railroads are now receiving the largest net return upon an average that they have ever received, I can not see how it can be against their interest or that of their owners to continue the status quo for several years longer. If not for five years, then for three years after the proclamation of peace. By that time the valuation work will be completed, reconstruction and readjustment will have been completed, and we will all know better what ought to be done in the way of comprehensive legislation than we can possibly know in the short time limit provided for in the present Government-control act, approved March 21, 1918. Therefore, I think it will be to the best interest of the public and also to the best interest of the great body of the security holders of the railroads to continue Federal control of the railroads for five years, but if not for so long a time as that, it certainly ought to continue until January 1, 1922.

Mr. SHERLEY. Mr. Chairman, may I get some agreement in regard to debate on these two amendments. I do not desire, considering the immense importance of the subject, to unduly curtail debate, but I do want to make progress.

Mr. FORDNEY. Mr. Chairman, I realize that the hour is late, and I am as anxious to get away as others, but I would like five minutes.

Mr. SHERLEY. Mr. Chairman, I ask unanimous consent that all debate on these two amendments and amendments thereto close in 30 minutes.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that all debate on the two amendments and amendments thereto close in 30 minutes. Is there objection?

Mr. SUMNERS. Reserving the right to object, may I ask the chairman of the committee, the gentleman from Kentucky, if I can have five minutes.

Mr. SHERLEY. I shall not undertake to parcel out the time.

Mr. SUMNERS. I want to suggest to the chairman of the committee that this is one of the most important matters that the Congress has been called upon to consider, and now it comes up here under the five-minute rule—

Mr. SHERLEY. That is a good reason for defeating both amendments.

Mr. SUMNERS. Will the gentleman yield for a further suggestion? The Members of the House want full information. I

have not had any information here which convinces me that I ought now to vote on this question.

Mr. SHERLEY. The plea that the gentleman makes in regard to debate relates to the wisdom of offering amendments to this bill. Mr. Chairman, I renew my request.

The CHAIRMAN. The gentleman from Kentucky asks unanimous consent that all debate on these two amendments and amendments thereto close in 30 minutes. Is there objection? [After a pause.] The Chair hears none.

Mr. FORDNEY. Mr. Chairman and gentlemen, I feel that I ought not to take five minutes of your time at this hour of the day, but this is one of the most important matters that has come before Congress in many weeks and many months.

These amendments provide that the railroads of the country shall not be turned back to their owners until further legislation by Congress, with a limit of time. The President has power to call Congress together at any time if he wants legislation on that subject. If he wants to turn back the railroads to the owners within the next 90 days or 6 months, he has the power to call Congress together for that purpose and get that legislation. Neither the President nor Members of Congress can run a bluff on one or the other. He has certain rights, and he can not say that Congress has not given him the power that he asked for, because he can get it if he asks for it. Let me tell you, my good friends, what the retention of the railroads by the Government means to the taxpayer, and it is pretty near time that the Congress of the United States should be giving some consideration to the taxpayer, who has had none for the past two years in this body. [Applause.]

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. FORDNEY. Yes.

Mr. MADDEN. There is not anything in the amendment offered by the gentleman from Wisconsin [Mr. Esch] that would prevent the Congress from enacting legislation for 30 days, if it was able to do it.

Mr. FORDNEY. I am not really speaking against the gentleman's amendment, but I am calling the attention of the House to the fact that the President has the right to get the power he needs, if he will ask for it at any time. He has been doing this in the past, and has been asking for more power than he was really entitled to, and getting it at that. The folly of the United States Government taking over the railroads during this war is costing the taxpayers of this country how much? Two million dollars a day right now.

Mr. JUUL. Three.

Mr. FORDNEY. The gentleman says three, but \$750,000,000 for 365 days is not very far from \$2,000,000 a day. That is what it has cost for 1918.

Mr. JUUL. But there is \$500,000,000 in addition to that.

Mr. FORDNEY. In addition to the \$750,000,000 loss which I speak of, we are called upon to collect from the taxpayers the 50 per cent passenger fare increase, and the 25 per cent increase on freight rates for six months, which amounts to \$500,000,000. The money collected by the railroads of this country for 1916 in passenger fares, in round numbers, amounted to \$800,000,000. Fifty per cent of that is \$400,000,000 and for one-half of the year it is \$200,000,000. The money collected in freight by the railroads for the year 1916, in round figures, was \$2,400,000,000. Twenty-five per cent of that is \$600,000,000 and six months would be \$300,000,000. The \$300,000,000 in freight and the \$200,000,000 in passenger fares for six months amounts to \$500,000,000 in 1918 that the Government has had with which to meet their expenses in their tomfoolery in handling the railroads of the country, in addition to the \$750,000,000 loss, and that is the debt that the taxpayers of this country are called upon to make good for the mistake of the Federal Government in taking over the railroads during the year of 1918.

The Government is handling not only the railroads but the telegraph lines. I received a letter to-day from a business man in my home town, who states that he sent a telegram to a business firm in Chicago that had been in business there many years, whose address was in the city directory and in the telephone directory, and word came back 24 hours after he had sent the telegram that the firm could not be found in the city of Chicago. Three days later the telegram reached the firm by mail. That is Government ownership of telegraph and telephone lines for you.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. BARKLEY. Mr. Chairman, I hope both of these amendments will be defeated. I am frank to say that I am more against the amendment of the gentleman from Texas [Mr. RAYBURN] than I am against the amendment of the gentleman from Wisconsin [Mr. Esch]. With all of the reconstruction legislation that is referred to in a nebulous sort of way by the newspapers and by the Members of Congress I believe there is no

question which approaches in importance the railroad question, which must be solved by the next incoming Congress. Is there a Member of the House or of the Senate who is able to rise in his place to-day on the floor of either body and offer the solution that must finally be adopted by Congress in dealing with the railroad question? With all due respect to the intelligence of Members of both Houses, I believe I am well within the truth when I say that no Member yet has in his mind the entire and complete solution of the railroad question; but we are all agreed on this proposition, that we can not afford to turn the railroads back to private ownership in the same situation, under the same economic conditions, and with the same laws in force as existed prior to the time when they were taken over. This amendment of the gentleman from Texas [Mr. RAYBURN] is hurled at us within 10 days of the time when this Congress must adjourn. There is not the slightest possibility of enacting any legislation at this session of Congress to deal with the railroad question. Are we able to predict when the President may call Congress into extra session?

I agree with the gentleman from Texas that our personal convenience or inconvenience ought not to be consulted in determining whether there shall be an extra session either in the spring, the summer, or the coming autumn, but we know if the Senate adopts the policy that the House has agreed to and passes these appropriation bills that it is safe to predict that the extra session will not be called until well on in the summer, and possibly in the autumn. Even if there is an extra session of Congress called in the summer or autumn months, with the reorganization of the House under the incoming Republican majority, with the appointments of the committees, with the necessary delays incident to the hearings in the various committees of the House and Senate on the railroad question, delay will be inevitable. It will take considerable hearings before the House committee will be able to report a comprehensive bill, for we have in the last two months been having hearings on the packing industry with no bill reported yet. We held hearings for a month in framing the railroad-control act and the Senate Committee on Interstate Commerce has been engaged for two months holding hearings and to-day announce that they can not even report a bill at this session of Congress dealing with the railroad question. In view of this situation, it seems to me we ought not to consult our prejudices either for or against any bill in reference to Government ownership, but we ought to deal with this question in a business, hard-headed, sensible manner, and it is sensible to conclude that we can not legislate in all reasonable probability by the 1st of next December or the 1st of next January to take care of the railroad situation.

Mr. DOWELL rose.

Mr. BARKLEY. I am against the amendment offered by the gentleman from Wisconsin because no man now knows whether it is possible to turn the railroads back to their owners prior to July 1, 1920, and if his amendment is adopted we can not turn them back unless Congress directs the President to do so. If in the meantime Congress is able to enact legislation or if the economic situation develops so it might be wise to turn back the control by July 1, 1920, certainly the President ought not to be restricted in his authority to do so, and I think we can assume that the President will not do so if the economic situation is such as to make it unwise, and for that reason I hope both amendments will be defeated.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CANNON. Mr. Chairman, I crave the attention of the committee for five minutes. I believe this bill ought to pass without amendment just as it is reported from the committee. [Applause.] I believe it will pass the Senate—I hope it will—and I believe it would be signed by the President. Now, then, the 1st of January next you are on the eve of the presidential election.

Mr. MADDEN. No.

Mr. CANNON. What is this?

Mr. MADDEN. Nineteen hundred and nineteen.

Mr. CANNON. When do we elect the President?

Mr. RAMSEYER. The gentleman is right.

Mr. CANNON. On the eve of a presidential election. You will be looking about to hold your convention on the 1st of July and nominations will have to be made. We have got a Republican House; we have not two-thirds and we could not pass it over the President's veto, and you could not pass anything over his veto in the Senate. God knows whether it is Republican or Democratic. [Laughter.] There you are. Now, then, when you begin to undertake to enact legislation to regulate railroads, when they are to be turned back, it is impractical to do it, in my judgment, between this and the next presidential election, because up to that time Woodrow Wilson will remain President. Now, let us cut off these two little bombs

that are thrown in here—one for the 1st of January arbitrarily to quit, as we can not enact legislation between this and that time, and the other for the 1st of July, that we shall not turn back before the 1st of July. We have got to have this money if we float these bonds, and God knows we owe the money and without it we are on the eve of a panic, and if we refuse the railroads this money and drive the strong roads to compete with the Government at 7 and 8 per cent interest, there will be nothing doing with the liberty drive.

I say let us do what it is practicable to do. And then when it becomes proper to legislate, and the time is right, we can legislate. We have got the votes. [Applause.]

Mr. FERRIS. Mr. Chairman—

The CHAIRMAN. The gentleman from Oklahoma is recognized for five minutes.

Mr. FERRIS. Mr. Chairman, on March 21, 1918, while we were under the stress and emergency of war, Congress passed an act taking over the railroads and authorizing the Government to keep them until the war was concluded and for a year and nine months thereafter, providing that the President might turn them over in the meantime if he elected so to do.

The one controlling reason with me is that the question is too large to vote on without having any chance to consider it. It does not involve a man's views as to whether he is in favor of Government ownership or against it. Each Member can with perfect propriety be for or against Government ownership and stand side by side and vote these two undigested amendments down. No committee has considered them. They are too wide in scope to adopt them without either committee or other consideration. The debate is already limited to 30 minutes. I submit it is preposterous to try to settle the whole railroad situation in 30 minutes. We should not do a foolish thing by voting for either one of these undigested amendments. I do not want to be disrespectful at all in that, but we have not had the time to study them. If I were forced to cast a vote right now on either one of these amendments, it would be a vote under compulsion and without information enough to cast an intelligent vote. I submit we should not be forced to vote on a proposition so important without any information. The gentleman from Texas [Mr. RAYBURN] may have sufficient information to cast an intelligent vote on it. I have no doubt he has, or he would not have offered the amendment. The gentleman from Wisconsin [Mr. ESCH] may have sufficient information to vote on his amendment. I do not controvert the fact that he has it. But what I do say is that while the power reposes in the President to turn them back or hold them, and while the law says they may be held for one year and nine months after the declaration of peace, I can not see any grave necessity for coming in here and forcing the House to vote on a proposition until we have had some information on it. [Applause.]

I do not profess to have all the information on this. The only way I know how to do and the only course I know how to follow is, that when I do not know what to do, do nothing. Now I am not going to do anything on either of these two amendments except to vote squarely against them, until such time as these matters can be brought in here in an orderly way. This is not too much for the membership to ask. This is not too much to expect. We can at least preserve our self-respect by voting them down. Men may say it is proper to turn the railroads over to-morrow, and these large appropriations tug strongly at all of us to do that. Others may want to have Government ownership forever. The railroad employees think they want that. But I repeat that there is no emergency here to do either one of these things. The President under the law can hold them or can turn them over to-morrow, if he wants to do so.

Mr. CAMPBELL of Kansas. May I ask the gentleman a question?

Mr. FERRIS. I yield.

Mr. CAMPBELL of Kansas. Is there a probability that the President will do that?

Mr. FERRIS. I have not the slightest idea. The gentleman's opinion on it is better than mine, if he has any opinion.

Mr. BARKLEY. Will the gentleman yield?

Mr. FERRIS. Yes.

Mr. BARKLEY. In the testimony of the Director General before the Appropriations Committee he stated that there was hardly any probability, in his opinion, that they would be turned over before next fall, if then. He ought to be in position to know something about it.

Mr. FERRIS. Mr. Chairman, I am through, other than to say that I hope the House will do the sensible thing and vote down both of these amendments, and not do the revolutionary thing of adopting some plan here that no one knows whether it is the right or wrong plan.

Mr. SUMNERS rose.

The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

Mr. SUMNERS. Mr. Chairman, I am opposed to attaching to the bill under consideration either of the amendments offered. Let us see how these amendments present themselves to the average Member of the House now called upon to act with regard to them under the amendment offered by the gentleman from Texas [Mr. RAYBURN]. If there is no extra session, the railroads go back under private control without any further legislation, which no one seems to favor. If there is an extra session of Congress it can deal deliberately and understandingly with the conditions under which the railroads may go back under private control, and at the same time with at least some knowledge of what it is doing, can fix the time when private control shall begin.

In so far as the position of the gentleman from Wisconsin [Mr. ESCH] is concerned, if I understood its provisions, he would now commit the House to the proposition that, notwithstanding the fact that we may later determine that the railroads should go back under private control prior to July 1, 1920, what is done to-day by adopting his amendment would have to be undone in order that that thing could happen. I have no doubt that my distinguished colleague from Texas, a member of the Interstate and Foreign Commerce Committee, and who has given a great deal of thought to the various phases of the railroad question, is now prepared to act upon a judgment made up from facts known to himself; but the Members of the House not members of that committee this minute do not even have the advantage of following a committee that has investigated the question and reported upon its investigation. Ordinarily, when a committee—one of the great committees, like the Committee on Interstate and Foreign Commerce—that has had these particular matters under consideration comes in and makes its recommendation to the House in the form of proposed legislation, those of us who have not had the same opportunities for exhaustive investigation that the members of these committees have had yield largely to the judgment of the committee. That is done every day.

But we have here no proposition presented with the indorsement of a committee. On the contrary, we have before us two distinct amendments offered by two members of the same committee, and with regard to both of which the only other member of the committee whom I have heard speak is in opposition. And this is no ordinary amendment either which is submitted to us under five-minute discussions. Without explanation as to the benefit of what the proponents of these amendments may know, without any advance knowledge that the amendments would be offered, with no two members of the Interstate and Foreign Commerce Committee in expressed agreement, we are asked this minute to say when the railroads shall go back under private control. I submit that there are not a dozen Members sitting here to-day who could face their constituencies and say that when they cast their votes on that question, if they voted for either amendment, they had an independent judgment upon the subject voted upon.

I regret very much to oppose these amendments, but I can not see any common sense in fixing the date now. As I said before—

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS. In a minute. If we do not have an extra session everybody knows that the railroads under the amendment of my colleague from Texas go back under private control without any legislation, and nobody wants that, and if we have an extra session, the extra session, dealing with the question of the conditions under which the railroads go back under private control, can deal with the questions now submitted to us, and we can do it with deliberation and more understandingly than is now possible. This is too important a matter and the responsibility is too great to be dealt with in this sort of a way. Think of a Congress disposing of this far-reaching, stupendous question within less than an hour's deliberation, divided into five-minute discussions, and that, too, when the date fixed for the going into effect of what it is proposed to have us do is almost a year in the future.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS. In a moment. Now, in regard to the amendment offered by the other distinguished member of the committee, Mr. ESCH, we know that if in the judgment of the Members of Congress later on, based upon facts, we conclude that these railroads ought to go back under private control in July, 1920, we can say so between now and that time by proper legislation, based upon a knowledge of the facts. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SHERLEY rose.

The CHAIRMAN. The gentleman from Kentucky is recognized.

Mr. SHERLEY. Mr. Chairman and gentlemen of the House, I appeal to the sober judgment of the House and not to its predilections. I insist that on a matter that is fraught with such consequences to the people of America as this matter is we owe it to ourselves in our responsible positions to vote judgment and not predilections, and there is not a man here who is prepared to say that we have that information as a body, as a whole body, that would warrant us in now voting for either of the proposals that have been offered by the gentleman from Texas or the gentleman from Wisconsin.

Now, there is one thing that this House is practically agreed upon, judging by the speeches made here to-day. They are practically agreed upon the necessity of appropriating additional money for the purposes indicated. They are not agreed as to when we shall give the roads back, if we give them back, or as to the terms under which we give them back, if we give them back, or how long we will make the experiment to see if we shall ever give them back or not.

It seems to me to stamp all of us as men who trifle with matters of great moment to ask us, without any report of a committee, without consideration of the merits, to vote upon these two propositions. I have my own opinion as to what ought to be done in connection with the railroads, but it is an opinion that I hope is subject to change upon greater information. I assume that my position is pretty nearly that of every man here. You may have a predilection one way or the other, but you do not accomplish anything voting it now. About the only effect I can see of adopting either amendment here is to make impossible this legislation that all of us agree ought to be passed in regard to the appropriation. [Applause.] If you want to deny any relief in the way of an appropriation, and do not want to be bold enough to oppose the appropriation as such, a good way to do it is to put on matters in these closing hours of the session that are sure to prevent the final action of Congress upon the bill that is presented. I have been fair and frank with the House. I brought the bill here without undertaking by special rules to tie it up, believing that the judgment of the House would be sufficient to hold it to a consideration of a matter that was pressing and not to have it go off on other matters. I beg of the House that they may realize the seriousness of the amendments that are proposed, and that we do not let our predilections rather than our mature judgments determine us. There are conditions that are always stronger than the views of men. Those conditions control sensible, thinking men. The gentleman from Wisconsin [Mr. Esch] proposes a negative, back-handed arrangement that the railroads shall not be turned back before July of next year unless there is remedial legislation in the meantime. I am not prepared to say that conditions may not arise under which they ought not to be turned back whether there is legislation or not.

Mr. MANN. Will the gentleman yield?

Mr. SHERLEY. I yield to the gentleman from Illinois.

Mr. MANN. In view of the President's frank statement to the House about the uncertainty and the desire for legislation, does the gentleman think it would do any harm to postpone the return of the railroads, within the 21 months, until Congress has an opportunity to legislate?

Mr. SHERLEY. By that you simply invite the postponement of such legislation to a very much later period than possibly would otherwise happen. Now, I think it is perfectly manifest—I have no right to speak on behalf of the administration or the President, but I have a right to look facts in the face—that it is absolutely necessary for many reasons that Congress shall be in session long before next December. There are many conditions that will require it. Why we should attempt now to put legislation upon a bill that will have no other effect than to kill it passes my understanding. I can only repeat in conclusion that I appeal to the judgment of men and not to their predilections and their prejudices. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The question is on the substitute offered by the gentleman from Wisconsin [Mr. Esch].

The question was taken; and on a division (demanded by Mr. Esch) there were—ayes 73, noes 91.

Accordingly the substitute was rejected.

The CHAIRMAN. The question is on the original amendment offered by the gentleman from Texas [Mr. Rayburn].

The question was taken; and on a division (demanded by Mr. Rayburn) there were—ayes 51, noes 103.

Accordingly the amendment was rejected.

Mr. BLACK. I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLACK: Page 1, line 9, at the beginning of line 9 strike out the figures "\$750,000,000" and insert the figures "\$381,000,000."

Mr. BLACK. Mr. Chairman, I want to state briefly the reasons why I think the amendment which I have offered should be adopted. The gentleman from Kentucky [Mr. SHERLEY] said we ought not to vote in matters of this kind because of our predilections. I want to assure the gentleman from Kentucky that, speaking for myself, I approach these matters not from the standpoint of a predilection merely but from a definite conviction. In a study of the hearings we find that \$381,000,000 added to the revolving fund of \$500,000,000 provided in the act of March 21, 1918, will take care of all the Government contracts and obligations for the year 1918, and will leave a working capital of \$247,000,000 in the hands of the United States Railroad Administration for use in 1919. The several items from which we arrive at the above result are \$247,000,000 as a working capital; \$290,900,000 that has been advanced in the way of loans for additions and betterments, including equipment; \$51,400,000 loaned to the New York, New Haven & Hartford Railroad; \$92,000,000 net current assets; \$196,000,000 deficit for operation in 1918; and \$4,361,000 expended in connection with inland waterways. These items make a total of \$881,000,000, and therefore, after deducting all of the present revolving fund of \$500,000,000, we will have to appropriate \$381,000,000 if we take care of the obligations of 1918 and leave a working capital of \$247,000,000 in the hands of the United States Railroad Administration for use during the current year. Mr. Walker D. Hines, Director General of the Railroads, stated in the hearings—and in this connection I invite you to read page 11 of them—that the working capital of 1918 was \$247,000,000, and that he desired to continue that much for 1919. It is after a careful reading of Mr. Hines's testimony before the committee that I have offered my amendment to reduce the amount of the appropriation carried in the pending bill from \$750,000,000 to \$381,000,000. That amount, as I have shown, will be sufficient to take care of everything except contemplated loans to railroad companies for 1919.

That leads me to say that \$369,000,000 of the \$750,000,000 is for loans to be made in 1919 to the railroad companies. Now, if the House had adopted either the Esch amendment or the Rayburn amendment, upon which we have just voted, and had made the time of the termination of Government control definite and certain, so that we could know what demands are to be made, I would feel very much more disposed to vote for the full amount carried in this bill, but I am not going to record myself in favor of a policy of continuing to expend these enormous sums of money in taking care of deficits and in the way of making loans to these railroad companies, and especially so unless a definite time is fixed. There must be an end to it some time, and so far as I am concerned I will begin now. [Applause.]

Mr. SHERLEY. Mr. Chairman, the gentleman by his own statement puts himself out of court. The gentleman ignores the fact that, out of the money intended for 1919, \$268,000,000 represents what the Government owes on equipment, that the Government has already ordered, and stands to-day obligated to pay for, and must pay for or repudiate its obligations. This answers that statement. There is the further fact that there is \$20,000,000 involved in a loan to the Boston & Maine, that is already and practically a closed incident. I repeat that the gentleman by his own statement puts himself out of court. Practically all the moneys that are intended for 1919 are moneys that the Government stands committed for and must be provided for if we are to keep the obligations we have made.

Mr. BLACK. Is it not true that in the hearings Mr. Hines stated that the total estimates of expenditures of this item was \$809,000,000, but the Government thought that they could get the railroads to take care of this \$809,000,000 in the way of financing their own and that \$369,000,000 would be sufficient for the Government?

Mr. SHERLEY. I do not so understand the testimony. I think the gentleman is mistaken. I repeat that there are starling obligations for equipment ordered in 1918, to be delivered in 1919, to the extent of \$286,000,000; and, aside from that, unless we are to hamper the roads unduly, we must give the necessary aid that I have mentioned. I hope the amendment will be voted down.

Mr. Chairman, I move that all debate on this paragraph and amendments thereto be now closed.

The CHAIRMAN. The gentleman from Kentucky moves that all debate on this paragraph and amendments thereto be now closed. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. SHERLEY. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARNER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 16020, and had directed him to report the same back with the recommendation that it do pass.

Mr. SHERLEY. Mr. Speaker, I move the previous question on the bill to its final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. SHERLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

ADJOURNMENT.

Mr. MANN. Mr. Speaker, I move that the House do now adjourn. That will carry the roll call over until morning.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that when the House adjourns to-day it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion to adjourn.

The question was taken; and on a division (demanded by Mr. SHERLEY) there were—ayes 102, noes 61.

So the motion was agreed to; and accordingly (at 6 o'clock and 46 minutes p. m.) the House adjourned until to-morrow, Friday, February 21, 1919, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting estimate of appropriation, with the recommendation that it be given favorable consideration for inclusion in the general deficiency appropriation bill (H. Doc. No. 1821); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Secretary of War, transmitting a second supplemental report of the claims determined during the period January 25 to February 19, 1919, inclusive, for damages and loss to private property occasioned by the explosion at the plant of the T. A. Gillespie Loading Co., at Morgan, N. J. (H. Doc. No. 1735, pt. 2); to the Committee on Appropriations and ordered to be printed.

3. A letter from the Secretary of the Treasury, transmitting copy of a communication from the Board of Commissioners of the District of Columbia, submitting a deficiency estimate of appropriation required for expenses of the police court and for payment of a judgment against the District of Columbia, fiscal year 1919 (H. Doc. No. 1822); to the Committee on Appropriations and ordered to be printed.

4. A letter from the Secretary of the Treasury, transmitting copy of a communication from the Attorney General, submitting a supplemental estimate of appropriation required by the Department of Justice for the fiscal years 1919 and 1920 (H. Doc. No. 1823); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. GEORGE W. FAIRCHILD, from the Committee on Ways and Means, to which was referred the bill (H. R. 15457) for the relief of certain officers and members of the crew of the U. S. S. *San Diego*, reported the same without amendment, accompanied by a report (No. 1114), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CONNELLY of Kansas: A bill (H. R. 16048) authorizing the Secretary of War to donate to Oberlin, Kans., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16049) authorizing the Secretary of War to donate to Colby, Kans., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. FULLER of Illinois: A bill (H. R. 16050) authorizing the Secretary of War to donate to city of Earlville, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. CRAMTON: A bill (H. R. 16051) authorizing the Secretary of War to donate to the town of Sandusky, Mich., two German cannons or fieldpieces; to the Committee on Military Affairs.

By Mr. TOWNER: A bill (H. R. 16052) authorizing the Secretary of War to donate to each of the cities and towns of Creston, Mount Ayr, Corning, Lenox, Lorimor, Lamoni, Afton, Corydon, Seymour, and Osceola, Iowa, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. FOSS: A bill (H. R. 16053) authorizing the Secretary of War to donate to the city of Winnetka, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16054) authorizing the Secretary of War to donate to the city of Waukegan, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16055) authorizing the Secretary of War to donate to the city of Evanston, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16056) authorizing the Secretary of War to donate to the city of Kenilworth, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16057) authorizing the Secretary of War to donate to the city of Highland Park, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16058) authorizing the Secretary of War to donate to the city of Lake Forest, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 16059) authorizing the Secretary of War to donate to the city of Highwood, Ill., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. CALDWELL: A bill (H. R. 16060) authorizing the Secretary of War to donate to the Jamaica Welcome and Memorial Committee of Jamaica, Long Island, N. Y., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. CANTRILL: A bill (H. R. 16061) authorizing the Secretary of War to donate to the city of Owenton, Ky., two German cannons or fieldpieces; to the Committee on Military Affairs.

By Mr. LEVER: A bill (H. R. 16062) to repeal the daylight-saving law; to the Committee on Interstate and Foreign Commerce.

By Mr. GRAHAM of Illinois: A bill (H. R. 16063) to authorize the Secretary of War to furnish a German cannon to the city of Rock Island, Ill.; to the Committee on Military Affairs.

By Mr. BYRNES of South Carolina: A bill (H. R. 16064) authorizing the Secretary of War to donate to certain cities in South Carolina one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. WOOD of Indiana: A bill (H. R. 16065) donating a captured German cannon or field gun and carriage to the city of West Lebanon, Ind.; to the Committee on Military Affairs.

By Mr. WATKINS. A bill (H. R. 16066) to amend an act entitled "An act to authorize exploration for and disposition of coal, phosphate, oil, oil shales, or gas"; to the Committee on the Public Lands.

By Mr. PARK: Resolution (H. Res. 596) assigning a clerk to the Committee on Railways and Canals; to the Committee on Accounts.

By Mr. HICKS: Resolution (H. Res. 597) to appoint a committee from the Members of the House of Representatives to investigate the demobilization of the Army; to the Committee on Military Affairs.

Also, resolution (H. Res. 598) authorizing the Committee on Military Affairs to make a thorough investigation of the Judge Advocate General's office; to the Committee on Military Affairs.

By Mr. FULLER of Illinois: Resolution (H. Res. 599) requesting the President to communicate to the House certain information concerning the War Trade Board; to the Committee on Interstate and Foreign Commerce.

By Mr. KING: Resolution (H. Res. 600) for the consideration of House bill 16038; to the Committee on Rules.

By Mr. WALSH: Joint resolution (H. J. Res. 432) appointing a joint commission to confer with officials of the Commonwealth of Massachusetts and others relative to celebrating the landing of the Pilgrims at Plymouth, Mass.; to the Committee on Rules.

By Mr. FERRIS: Joint resolution (H. J. Res. 433) giving to discharged soldiers, sailors, and marines a preferred right of homestead entry; to the Committee on the Public Lands.

By Mr. EVANS: Memorial from the Legislature of the State of Montana, urging Congress to enact such legislation as may be necessary to permit the honorably discharged soldiers, sailors, and marines to retain in his possession such clothing as under the provisions of paragraph 1165, Army Regulations, he is permitted to take to his home; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HAWLEY: A bill (H. R. 16067) granting an increase of pension to George W. Doney; to the Committee on Pensions.

By Mr. HOOD: A bill (H. R. 16068) for the relief of John Boone, of Sampson County, N. C.; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Petition of District of Columbia Commandery of the Military Order of the Loyal Legion of the United States, urging against Bolshevistic and I. W. W. propaganda and asking for immediate passage of bill now pending declaring unlawful the display of red flags within the jurisdiction of the United States; to the Committee on the Judiciary.

By Mr. BURROUGHS: Protest of Local No. 66-A, International Brotherhood of Electrical Workers, of Telephone Operators' Department, of Manchester, N. H. (Gertrude Cahill, recording secretary), against the evasive methods in which their wage scale and grievances have been handled by both the telephone companies and Postmaster General Burleson; to the Committee on the Post Office and Post Roads.

Also, resolution of the Portsmouth (N. H.) Central Labor Union, W. B. Clarke, secretary, indorsing the United States Employment Service; to the Committee on Labor.

By Mr. CARY: Petition of Luedke Schaffer Shoe Co., Milwaukee Glove Co., John Obenberger Forge Co., F. Mayer Boot & Shoe Co., Milwaukee Patent Leather Co., the Stowell Manufacturing Co., O. C. Hansen Manufacturing Co., and Bradley & Metcalf Co., urging passage of House bill 13274, relating to legalizing war contracts; to the Committee on Military Affairs.

Also, petition of L. Frank & Son, Milwaukee, Wis., requesting active support on House bill 13274, relating to legalization of informal war contracts; to the Committee on Military Affairs.

Also, petition of the Wallace & Smith Co., Milwaukee, Wis., asking support for House bill 13274, relating to legalization of war contracts; to the Committee on Military Affairs.

By Mr. COPLEY: Petition of Joliet Association of Commerce, Joliet, Ill., urging enactment of the Smith-Bankhead bill; to the Committee on Education.

By Mr. DAVIS: Petition of citizens of Nicollet County, Minn., requesting that the Government guarantee the price for 1919 crop of wheat; to the Committee on Agriculture.

By Mr. ELSTON: Memorial of Adjt. Gen. J. J. Barree, of California, submitting proposed amendment to Senate bill 5022; to the Committee on Military Affairs.

Also, memorial of J. J. Barree, adjutant general of California, submitting proposed modifications of demobilization regulations; to the Committee on Military Affairs.

By Mr. BENJAMIN L. FAIRCHILD: Petition of common council of the city of Mount Vernon, N. Y., in re change of name from Panama Canal to Roosevelt Canal; to the Committee on Interstate and Foreign Commerce.

By Mr. FULLER of Illinois: Petition of banks of Belvidere, Ill., opposing the issuing of long-time certificates of indebtedness in lieu of bonds; to the Committee on Ways and Means.

Also, petition of sundry citizens of La Salle County, Ill., protesting against the importation, duty free, of corn from Argentina; to the Committee on Ways and Means.

By Mr. GRAHAM of Illinois: Petition of L. H. Woodworth and sundry other citizens of Rock Island, Ill., that all equipment used in the War, Navy, and Post Office Departments and the merchant marine and all other equipment used by the Government be manufactured in the Government shops to their full capacity; to the Committee on Military Affairs.

By Mr. GREENE of Vermont: Petition of sundry citizens of Rutland, Vt., for Government ownership of railroads; to the Committee on Interstate and Foreign Commerce.

By Mr. HOLLINGSWORTH: Memorial of Ray E. Layton, Adjutant General of Ohio, favoring Senate bill 5500 amending National Guard defense act; to the Committee on Military Affairs.

Also, petition of Lisbon Community Chamber of Commerce favoring continuance of control by the Government of the wire systems now under its management until needed legislation can

be enacted for their safe return to their owners; to the Committee on Interstate and Foreign Commerce.

Also, petition of Local No. 22, Moldmakers' National Brotherhood of Operative Potters, East Liverpool, Ohio, favoring completion of public improvements authorized during the war; forbidding all immigration to this country until soldiers, sailors, and war workers secure employment; to provide extra pay for soldiers and sailors equal to amount of pay for 12 months if not sooner employed, and purchase and drain waste lands and develop same, to be sold on easy terms to soldiers, and so forth; to the Committee on Military Affairs.

By Mr. KAHN: Memorial of California Real Estate Association, urging passage of legislation providing funds to complete the Iron Canyon reclamation project; to the Committee on Irrigation of Arid Lands.

By Mr. KREIDER: Petition of Harrisburg Chamber of Commerce, relating to operation and control of telephone and telegraph lines; to the Committee on Interstate and Foreign Commerce.

Also, petition of Dauphin County Farm Bureau, opposing the appropriation of \$100,000,000 to furnish land to returning soldiers and sailors; to the Committee on Appropriations.

Also, petition of Pennsylvania State Board of Agriculture, favoring universal military training; to the Committee on Military Affairs.

By Mr. MAPES: Petition of several citizens of the city of Adrian, Mich., against the passage of the Hoke Smith educational bill; to the Committee on Education.

By Mr. MOORE of Pennsylvania: Memorial of Philadelphia Association of Retail Druggists, urging continued control of telegraph and telephone systems under certain conditions; to the Committee on Interstate and Foreign Commerce.

By Mr. PRICE: Petition of 218 citizens of Delmar, Del., in favor of national education bill; to the Committee on Education.

By Mr. RAKER: Petition of grand jury of San Joaquin County, Cal., urging the passage of the bill granting to discharged soldiers the right to retain their uniforms; to the Committee on Military Affairs.

Also, memorial of California Real Estate Association, indorsing the passage of the bill for the appropriation of \$100,000,000 for reclamation work in connection with the returning soldiers; to the Committee on Irrigation of Arid Lands.

Also, memorial of the Friday Morning Club, of Los Angeles, Cal., indorsing the league of nations; to the Committee on Foreign Affairs.

Also, petition of Roseville (Cal.) Lodge, No. 937, Brotherhood of Railway Carmen of America, urging the continued operation and control of the railroads by the Government for a period of five years; to the Committee on Interstate and Foreign Commerce.

Also, petition of Chamber of Commerce of Corning, Cal., indorsing the Iron Canyon project; to the Committee on Irrigation of Arid Lands.

Also, petition of Los Angeles Chamber of Commerce, relative to the punishment of aliens who declared their intention of becoming citizens of the United States, but who left this country for the purpose of entering the armies of the enemy against the United States; to the Committee on Immigration and Naturalization.

Also, petition of People's Council of America, Northern California Branch, for the withdrawal of the troops from Russia; to the Committee on Military Affairs.

Also, petition of Cook, McFarland Co., Los Angeles, Cal., protesting against increased rate of taxation of wholesale grocery brokers; to the Committee on Ways and Means.

Also, petition of W. L. McClune, of Roseville, Cal., protesting against the 5 per cent film tax; to the Committee on Ways and Means.

Also, petition of Ed. B. Jensen, Westwood, Cal., protesting against the tax of 5 per cent on film rentals; to the Committee on Ways and Means.

Also, petition of State Board of Education of California, expressing approval of pending legislation relating to the vocational rehabilitation of persons disabled in industry or otherwise; to the Committee on Education.

Also, petition of Vallejo Metal Trades' Council, of Vallejo, Cal., protesting against the awarding of shipbuilding contracts to shipyards in China and Japan, etc.; to the Committee on the Merchant Marine and Fisheries.

Also, petition of executive committee of the Philadelphia Chamber of Commerce, expressing disapproval of the continued Government control of public utilities; to the Committee on Interstate and Foreign Commerce.

Also, petition of Alameda County (Cal.) Nurses' Association, urging the conferring of rank on Army nurses; to the Committee on Military Affairs.

By Mr. ROGERS: Petition of Local Union No. 563, International Brotherhood of Electrical Workers, Lowell, Mass., protesting against the attitude of Postmaster General Burleson relative to wages and other questions pertaining to workers in telephone business; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Idaho: Petition of Rotary Club of Boise, Idaho, urging the appropriation of \$100,000,000 for the reclamation of arid, swamp, and cut-over lands; to the Committee on Appropriations.

Also, petition of Commercial Club, Burley, Idaho, urging the enactment of House joint resolution 368, providing for extension of the period of Government control of the telegraph and telephone system; to the Committee on Interstate and Foreign Commerce.

By Mr. SNYDER: Petition of Liscum-Wheeler Camp No. 33, Spanish War Veterans, indorsing House bill 15143, giving preference to soldiers in Government positions and appointments; to the Committee on Military Affairs.

By Mr. YOUNG of North Dakota: Petition of Larsen and Haare, in North Dakota Legislature, protesting against any reduction in appropriation for agricultural extension work; to the Committee on Agriculture.

Also, petition of 87 citizens of Dagden, N. Dak., urging legislation to fulfill the President's proclamation of wheat guaranty; to the Committee on Agriculture.

SENATE.

FRIDAY, February 21, 1919.

Chaplain Daniel Couve, Fifty-ninth Division Infantry, French Army, offered the following prayer:

O God, our heavenly Father, we thank Thee for all the mercies Thou hast bestowed upon us. We thank Thee for the victory Thou hast given to our allied armies, and we pray Thee that Thou makest us worthy of Thy mercies. O God, our Father, do guide all of us on the way of justice, and give us to be as faithful and obedient in the works of peace as our soldiers have been brave in the days of war. Do guide all those who have charge of the establishment of a permanent peace. Do inspire the President of the United States; do protect the premier of France; and do help all of us to play faithfully our part in the coming of Thy kingdom of righteousness. Through Jesus Christ our Lord. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. PITTMAN and by unanimous consent, the further reading was dispensed with and the Journal was approved.

SENATOR FROM OREGON.

Mr. CHAMBERLAIN. I present the credentials of my colleague [Mr. McNARY] and ask that they be read:

The credentials were read and ordered to be filed, as follows:
Certificate of election.

STATE OF OREGON,
EXECUTIVE DEPARTMENT.

To all to whom these presents shall come, greeting:

Know ye, that it appearing from the official canvass of the vote cast at the general election held within and for the State of Oregon on Tuesday, the 5th day of November, A. D. 1918, that CHARLES L. McNARY, of Marion County, State of Oregon, received the highest number of votes cast for the office of United States Senator in Congress at said general election:

Now, therefore, I, James Withycombe, governor of the State of Oregon, by virtue of the authority vested in me under the laws of the State of Oregon, do hereby grant this certificate of election and declare said CHARLES L. McNARY, of Marion County, State of Oregon, to be duly elected to the office of United States Senator in Congress from the State of Oregon for the term of six years beginning March 4, 1919.

In testimony whereof I have hereunto set my hand and caused the seal of the State of Oregon to be hereunto affixed. Done at the capitol, at Salem, Oreg., this 30th day of November, A. D. 1918.

[SEAL.]

JAMES WITHYCOMBE,
Governor.

By the governor:

BEN W. OLCOTT,
Secretary of State.

COST OF THE WAR (S. DOC. NO. 408).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Labor, transmitting, in response to a resolution of December 15, 1918, a report relative to the cost of the war with Germany and her allies, which was ordered to lie on the table and be printed.

GOVERNMENT EMPLOYEES (S. DOC. NO. 409).

The VICE PRESIDENT laid before the Senate communications from the Secretary of State, the Secretary of Commerce, and the United States Fuel Administrator, transmitting in

response to a resolution of December 15, 1918, lists showing the number of civilian employees in their respective departments on February 15, and the number discharged during the previous two weeks, which were ordered to lie on the table and be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House disagrees to the amendments of the Senate to the bill (H. R. 13366) permitting any person who has served in the United States Army, Navy, or Marine Corps in the present war to retain his uniform and personal equipment and to wear the same under certain conditions, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. DENT, Mr. FIELDS, and Mr. KAHN managers at the conference on the part of the House.

The message also announced that the House insists upon its amendments to the bill (S. 5279) to authorize the resumption of voluntary enlistment in the Regular Army, and for other purposes, disagreed to by the Senate, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. DENT, Mr. FIELDS, and Mr. KAHN managers at the conference on the part of the House.

The message further announced that the House insists upon its amendments to the bill (S. 3797) validating certain applications for and entries of public lands, and for other purposes, disagreed to by the Senate, agrees to the conference asked for by the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FERRIS, Mr. TAYLOR of Colorado, and Mr. LA FOLLETTE managers at the conference on the part of the House.

The message also announced that the House had passed a bill (H. R. 16020) to supply a deficiency in the appropriation for carrying out the act entitled "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED.

The message further announced that the Speaker of the House had signed the following bills and joint resolutions, and they were thereupon signed by the Vice President:

S. 68. An act to amend section 269 of the act of March 3, 1911, entitled "An act to codify, revise, and amend the laws relating to the judiciary";

S. 932. An act to provide for the stock-watering privileges on certain unallotted lands on the Flathead Indian Reservation, Mont.;

S. 935. An act for the relief of settlers on certain railroad lands in Montana;

S. 2088. An act to consolidate certain forest lands within the Cache National Forest, Utah, and to add certain lands thereto;

S. 3079. An act to fix the salaries of the clerks of the United States district courts and to provide for their office expenses, and for other purposes;

S. 3571. An act granting lands for school purposes in lots No. 111 in each of the town sites of Fort Shaw and Simms, Sun River reclamation project, Mont.;

S. 3646. An act granting to the city of San Diego certain lands in the Cleveland National Forest and the Capitan Grande Indian Reservation for dam and reservoir purposes for the conservation of water, and for other purposes;

S. 4103. An act to consolidate certain forest lands within the Cache National Forest, Utah, and to add certain lands thereto;

S. 4244. An act for the relief of entrymen within the Castle Peak irrigation project in Utah;

S. 4957. An act to establish the Lafayette National Park in the State of Maine;

S. 5058. An act to authorize the counties of Morton and Burleigh, in the State of North Dakota, to construct a bridge across the Missouri River near Bismarck, N. Dak.;

S. 5192. An act for the construction of a bridge across Rock River at or near South Jackson Street, in the city of Janesville, Wis.;

S. 5316. An act granting the consent of Congress to Wenatchee-Beebe Orchard Co. to construct a bridge across the Columbia River at or within 4 miles northerly from the town of Chelan Falls, in the State of Washington;

S. 5342. An act providing for the appointment of an additional district judge for the northern judicial district of the State of Texas;

S. 5534. An act granting the consent of Congress to Oliver Cabana, jr., Myron S. Hall, F. G. Connette, William F. MacGlashan, John H. Bradley, and M. A. Hurt to construct a bridge